FRANCES BAARD DISTRICT MUNICIPALITY

FINANCIAL STATEMENTS

30 JUNE 2013

(These financial statements have not been audited)

FRANCES BAARD DISTRICT MUNICIPALITY

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FRANCES BAARD DISTRICT MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

GENERAL INFORMATION

NATURE OF BUSINESS

Frances Baard Municipality is a district municipality performing the functions as set out in the Constitution. (Act no 108 of 1996)

GRADING

Council is accorded the same grading as the largest Category B municipality in the district, namely Sol Plaatje Municipality, which is a Grade 4 local authority in terms of the Public Office Bearers Act. According to the South African Local Government Bargaining Council, the District Municipality has been graded as level two in respect of the TASK.

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category C Municipality (District Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Frances Baard Municipality includes the following areas:

Sol Plaatjie	*Grade 4*
Phokwane	*Grade 2*
Dikgatlong	*Grade 2*
Magareng	*Grade 2*

MANAGEMENT STRUCTURE

Council's senior management structure consists of the Municipal Manager and heads of the four main departments. The Office of the Municipal Manager includes management functions pertaining to municipal systems improvement and integrated development planning functions.

MUNICIPAL MANAGER

Me. ZM Bogatsu

CHIEF FINANCIAL OFFICER

Mr. PJ van Biljon

OTHER GEADS OF DEPARTMENTS

Ms. NG Kgantsi	Director: Aadministration
Mr. FS Mdee	Director: Planning & Development
Mr. PJ van Der Walt	Director: Infrastructure Services

REGISTERED OFFICE

51 Drakensberg Avenue

Carters Glen

Kimberley

AUDITORS

External Auditors

Auditor General

Private Bag X5013
Kimberley

Internal Audit

The Internal Audit section is fully staffed and operational according to council policy. The use of external service providers is limited to cases where internal capacity is insufficient to conduct specialized investigations.

Members of the Audit Committee

Mr. AL Kimmie	Chairperson
Mr. S Calitz	Member
Mr. AK Bhyat	Member
Mr. T Marumo	Member

FRANCES BAARD DISTRICT MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

MEMBERS OF THE FRANCES BAARD DISTRICT MUNICIPALITY

PRINCIPLE BANKERS

Standard Bank
Cnr of Bultfontein & Lennox Street
Posbus 626
Kimberley
8301

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations

MEMBERS OF THE FRANCES BAARD DISTRICT MUNICIPALITY

COUNCILLORS

Executive Mayor	*Ms. MM Moloi*	Proportional
Speaker	Mr. BM Maribe	Proportional
Mayoral Committee	*Ms. MM Moloi*	Proportional
Mayoral Committee	Mr. W Johnson	Proportional
Mayoral Committee	Ms. PR Molefi	Proportional
Mayoral Committee	Ms. TNicholas	Proportional
Mayoral Committee	Mr. K Rifles	Dikgatlong Municipality
Mayoral Committee	Mr. MB Silingile	Proportional
MPAC Chairperson	Ms. EM Mathe	Sol Plaatje Municipality
Part Time Councillor	Ms. EK Hale	Sol Plaatje Municipality
Part Time Councillor	Mr. JZ Mpampi	Sol Plaatje Municipality
Part Time Councillor	Mr. TC Ngoma	Sol Plaatje Municipality
Part Time Councillor	Mr. MG Nhlapo	Sol Plaatje Municipality
Part Time Councillor	Mr. B Springbok	Sol Plaatje Municipality
Part Time Councillor	Ms. ET Tsimakwane	Sol Plaatje Municipality
Part Time Councillor	Mr. OC Fourie	Sol Plaatje Municipality

Part Time Councillor	Mr. PJ Vorster	Sol Plaatje Municipality
Part Time Councillor	Mr. DJP v d Merwe	Sol Plaatje Municipality
Part Time Councillor	Ms. KG Mthukwane	Sol Plaatje Municipality
Part Time Councillor	Ms. S Witkoei	Dikgatlong Municipality
Part Time Councillor	Mr. CJS Adams	Phokwane Municipality
Part Time Councillor	Ms. AO Moremong	Phokwane Municipality
Part Time Councillor	Mr. DF Meyer	Phokwane Municipality (Resigned February 2013)
Part Time Councillor	Ms. VB Ximba	Magareng Municipality
Part Time Councillor	Mr. M Kaars	Proportional
Part Time Councillor	Ms. GR Kok	Proportional
Part Time Councillor	Mr. MI Pholoholo	Proportional
Part Time Councillor	Mr. J Smit	Proportional

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2013, which are set out on pages 1 to 79 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2013 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Me. ZM Bogatsu **Date**
Municipal Manager

FRANCES BAARD DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

	Notes	2013 R (Actual)	2012 R (Restated)
NET ASSETS AND LIABILITIES			
Net Assets		**103 762 566**	**101 578 477**
Capital Replacement Reserve	**2**	7 074 044	5 522 089
Revaluations Reserve	**2**	20 921 798	21 379 051
Accumulated Surplus/(Deficit)		75 766 724	74 677 337
Non-Current Liabilities		**33 042 415**	**34 011 930**
Long-term Liabilities	**3**	10 041 380	11 485 678
Employee benefits	**4**	23 001 035	22 526 252
Current Liabilities		**12 593 836**	**14 904 756**
Current Employee benefits	**5**	6 859 699	6 024 487
Payables from exchange transactions	**6**	3 962 839	5 368 725
Unspent Conditional Government Grants and Receipts	**7**	327 280	2 178 633
Current Portion of Long-term Liabilities	**3**	1 444 018	1 332 911
Total Net Assets and Liabilities		**149 398 817**	**150 495 163**
ASSETS			
Non-Current Assets		**58 276 458**	**57 282 850**
Property, Plant and Equipment	**9**	40 323 901	45 899 121
Non-Current Assets Held for Sale	**10**	6 699 526	75 155
Intangible Assets	**11**	872 670	894 823
Heritage Assets	**12**	631 417	631 417
Long-Term Receivables	**14**	9 748 944	9 782 334
Current Assets		**91 122 359**	**93 212 313**
Inventory	**15**	266 402	349 926
Receivables from non-exchange transactions	**16**	1 528 458	1 680 585
Operating Lease Asset	**17.1**	4 578	8 240
Taxes	**8**	1 095 595	1 189 493
Current Portion of Long-term Receivables	**14**	863 172	869 905
Current Investments	**13**	3 800 000	2 900 000
Cash and Cash Equivalents	**18**	83 564 154	86 214 164
Total Assets		**149 398 817**	**150 495 163**

FRANCES BAARD DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 (Actual) R	2012 (Restated) R
REVENUE			
Revenue from Non-exchange Transactions		**95 574 684**	**89 164 529**
Transfer Revenue		**94 578 831**	**88 913 873**
Government Grants and Subsidies	**19**	93 984 000	88 793 873
Public Contributions and Donations		594 831	120 000
Other Revenue		**995 853**	**250 656**
Actuarial Gains		995 853	250 656
Revenue from Exchange Transactions		**6 455 015**	**6 081 012**
Rental of Facilities and Equipment		595 434	507 491
Interest Earned - external investments		5 672 199	5 491 386
Other Income	**21**	77 382	82 135
Gain on disposal of Property, Plant and Equipment		110 000	-
Total Revenue		**102 029 699**	**95 245 541**
EXPENDITURE			
Employee related costs	**22**	39 427 229	34 633 933
Remuneration of Councillors	**23**	5 160 197	4 595 182
Depreciation and Amortisation	**24**	4 118 564	3 897 820
Impairments	**25**	-	18 664 664
Repairs and Maintenance		2 560 508	2 313 608
Actuarial losses		-	763 019
Finance Charges - External Funding	**26**	1 361 298	1 516 166
Finance Charges - Employee benefits		956 517	955 012
Contracted services		-	
Grants and Subsidies	**27**	35 342 227	26 381 679
General Expenses	**28**	10 056 699	11 115 803
Loss on disposal of Property,Plant and Equipment		862 371	615 192
Total Expenditure		**99 845 610**	**105 452 078**
NET SURPLUS FOR THE YEAR - BEFORE DISCONTINUED OPERATIONS		**2 184 089**	**(10 206 537)**
Discontinued Operations	**29**	-	(251 593)
NET SURPLUS FOR THE YEAR - AFTER DISCONTINUED OPERATIONS		**2 184 089**	**(10 458 130)**

FRANCES BAARD DISTRICT MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2013

	Revaluations Reserve	Capital Replacement Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R
Balance at 1 JULY 2011	**5 828 305**	**4 411 867**	**76 169 435**	**86 409 608**
Change in accounting policy	-	-	-	-
Correction of error Note 32	-	-	9 838 649	9 838 649
Restated Balance at 1 JULY 2011	**5 828 305**	**4 411 867**	**86 008 084**	**96 248 257**
Net Deficit for the year	-	-	(10 458 130)	(10 458 130)
Revaluation of Land & Buildings	15 788 351	-	-	15 788 351
Transfer to Capital Replacement Reserve	-	3 450 000	(3 450 000)	-
Property, plant and equipment purchased	-	(2 339 778)	2 339 778	-
Offsetting of depreciation	(237 605)	-	237 605	-
Balance at 30 JUNE 2012	**21 379 051**	**5 522 089**	**74 677 337**	**101 578 478**
Net Surplus for the year	-	-	2 184 089	2 184 089
Revaluation of Land & Buildings	-	-	-	-
Transfer to Capital Replacement Reserve	-	6 781 330	(6 781 330)	-
Property, plant and equipment purchased	-	(5 229 375)	5 229 375	-
Offsetting of depreciation	(457 253)	-	457 253	-
Balance at 30 JUNE 2013	**20 921 798**	**7 074 044**	**75 766 724**	**103 762 567**

FRANCES BAARD DISTRICT MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	Notes	30 JUNE 2013 R	30 JUNE 2012 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		945 978	1 636 851
Government		92 727 479	86 365 123
Interest		5 672 199	5 491 386
Dividends		-	-
Payments			
Suppliers and employees		(56 244 622)	(48 031 361)
Finance charges	**26**	(2 317 815)	(1 516 166)
Transfers and Grants		(35 342 227)	(26 381 679)
Cash generated by operations	**32**	5 440 992	17 564 155
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	**9**	(5 634 193)	(2 194 564)
Purchase of Investment property		-	-
Proceeds on Disposal of Fixed Assets		110 000	-
Purchase of Heritage Assets		-	(3 990)
Purchase of Intangible Assets		(373 739)	(183 108)
Increase in Long-term Receivables	**14**	40 123	(813 590)
Decrease/(Increase) in Current Investments	**13**	(900 000)	-
Decrease/(Increase) in Non-current Investments		-	6 218
Net Cash from Investing Activities		**(6 757 809)**	**(3 189 034)**
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(1 333 194)	(1 289 109)
New loans raised		-	-
Increase in Consumer Deposits		-	-
Net Cash from Financing Activities		**(1 333 194)**	**(1 289 109)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**(2 650 010)**	**13 086 012**
Cash and Cash Equivalents at the beginning of the year		86 214 164	73 128 152
Cash and Cash Equivalents at the end of the year	**33**	83 564 154	86 214 164
NET INCREASE IN CASH AND CASH EQUIVALENTS		**(2 650 010)**	**13 086 012**

FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2013 R (Actual)	2013 R (Final Buget)	2013 R (Variance)	Explanations for material variances
ASSETS				
Current assets				
Cash	364 154	2 391 002	(2 026 848)	Over budget based on actual performance
Call investment deposits	83 200 000	51 889 105	31 310 895	Over budget based on actual performance
Consumer debtors	-	-	-	
Other Receivables	1 528 458	1 300 000	228 458	Percentage not material
Current portion of long-term receivables	-	-	-	
Inventory	266 402	370 274	(103 872)	Over budget according to needs estimate
Total current assets	85 359 014	55 950 381	29 408 633	
Non current assets				
Long-term receivables	-	-	-	
Investments	-	-	-	
Investment property	-	-	-	
Property, plant and equipment	47 023 427	57 749 563	(10 726 136)	Over budget: Impairment 2011 / 12
Biological Assets	-	-	-	
Intangible Assets	872 670	-	872 670	Under budget - Disclosure requirement: GRAP
Heritage Assets	631 417	-	631 417	Under budget - Disclosure requirement: GRAP
Total non current assets	48 527 514	57 749 563	(9 222 049)	
TOTAL ASSETS	133 886 528	113 699 944	20 186 584	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	1 444 018	1 444 020	(2)	Amount not material
Consumer deposits	-	-	-	
Trade and other payables	4 290 119	1 778 441	2 511 678	Under budget based on projected commitments
Provisions and Employee Benefits	6 859 699	6 024 487	835 212	Amounts based on actual commitments calculated
Total current liabilities	12 593 836	9 246 949	3 346 887	
Non current liabilities				
Borrowing	10 041 380	10 057 998	(16 618)	Amount not material
Provisions and Employee Benefits	23 001 035	22 366 189	634 846	Due to increased amounts in employee benefits calculated
Total non current liabilities	33 042 415	32 424 187	618 228	
TOTAL LIABILITIES	45 636 251	41 671 136	3 965 115	
NET ASSETS	55 677 631	72 028 808	(16 351 177)	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	75 766 724	43 909 945	31 856 779	Underbudget based on actual performance
Reserves	27 995 842	28 118 863	(123 021)	Amount not material
TOTAL COMMUNITY WEALTH/EQUITY	103 762 566	72 028 808	31 733 758	

FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

ADJUSTMENTS TO APPROVED BUDGET

	2013 R (Approved Budget)	2013 R (Adjustments)	2013 R (Final Buget)	Explanations for material adjustments
ASSETS				
Current assets				
Cash	453 861	1 937 140	2 391 002	Based on projected estimates
Call investment deposits	47 800 000	4 089 105	51 889 105	Based on projected estimates
Consumer debtors	-	-	-	
Other Receivables	1 300 000	-	1 300 000	
Current portion of long-term receivables	-	-	-	
Inventory	370 274	-	370 274	
Total current assets	49 924 136	6 026 245	55 950 381	
Non current assets				
Long-term receivables	-	-	-	
Investments	-	-	-	
Investment property	-	-	-	
Property, plant and equipment	58 291 443	(541 880)	57 749 563	Amount not material
Biological Assets	-	-	-	
Intangible Assets	-	-	-	
Heritage Assets	-	-	-	
Total non current assets	58 291 443	(541 880)	57 749 563	
TOTAL ASSETS	108 215 578	5 484 365	113 699 944	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	1 444 020	-	1 444 020	
Consumer deposits	-	-	-	
Trade and other payables	1 778 441	-	1 778 441	
Provisions and Employee Benefits	4 828 161	1 196 327	6 024 487	Based on projected estimates
Total current liabilities	8 050 622	1 196 327	9 246 949	
Non current liabilities				
Borrowing	10 057 998	-	10 057 998	
Provisions and Employee Benefits	13 548 679	8 817 510	22 366 189	Based on projected estimates
Total non current liabilities	23 606 677	8 817 510	32 424 187	
TOTAL LIABILITIES	31 657 299	10 013 837	41 671 136	
NET ASSETS	76 558 279	(4 529 472)	72 028 808	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	66 176 387	(22 266 442)	43 909 945	Adjusment based on previous year performance
Reserves	10 381 892	17 736 971	28 118 863	Impact of previous year revaluation vs projected opening balance
TOTAL COMMUNITY WEALTH/EQUITY	76 558 279	(4 529 472)	72 028 808	

FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2013 R (Actual)	2013 R (Final Buget)	2013 R (Variance)	Explanations for material variances
REVENUE BY SOURCE				
Property rates	-	-	-	
Property rates - penalties & collection charges	-	-	-	
Service charges	-	-	-	
Rental of facilities and equipment	595 434	631 600	(36 166)	% Deviation not material
Interest earned - external investments	5 672 199	5 057 600	614 599	% Deviation not material
Government Grants and Subsidies - Operating	94 578 831	94 455 234	123 597	% Deviation not material
Other revenue	1 073 235	1 043 716	29 519	% Deviation not material
Gains on disposal of PPE	110 000	110 000	-	
Total Operating Revenue	102 029 699	101 298 150	731 549	
EXPENDITURE BY TYPE				
Employee related costs	39 427 229	42 561 450	(3 134 221)	Underspending due to vacant positions not filled accordingly
Remuneration of councillors	5 160 197	5 357 390	(197 193)	Deviation not material
Debt impairment	-	3 000	(3 000)	Deviation not material
Depreciation & asset impairment	4 118 564	4 498 000	(379 436)	Deviation not naterial
Finance Charges - External Funding	1 361 298	3 033 600	(1 672 302)	% Deviation not material
Finance Charges - Employee benefits	956 517		956 517	% Deviation not material
Bulk purchases	-	-	-	
Other materials	2 560 508	4 309 270	(1 748 762)	Unrealistic budget estimates not aligned to actual expenditure needs.
Contracted services	-	-	-	
Grants and subsidies paid	35 342 227	45 942 650	(10 600 423)	Under performance with regards to budget estimates
Other expenditure	10 056 699	14 820 790	(4 764 091)	Unrealistic budget estimates not aligned to actual expenditure needs.
Loss on disposal of PPE	862 371	1 124 760	(262 389)	Under budgeted estimates
Total Operating Expenditure	99 845 610	121 650 910	(21 805 300)	
Operating Surplus/(Deficit) for the year	2 184 089	(20 352 760)	22 536 849	
Government Grants and Subsidies - Capital	-	-	-	
Net Surplus/(Deficit) for the year	2 184 089	(20 352 760)	22 536 849	

FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

ADJUSTMENTS TO APPROVED BUDGET

	2013 R (Approved Budget)	2013 R (Adjustments)	2013 R (Final Budget)	Reasons for material adjustments
REVENUE BY SOURCE				
Rental of facilities and equipment	631 600	-	631 600	
Interest earned - external investments	4 707 600	350 000	5 057 600	Adjustment based on projected revenue
Government Grants and Subsidies - Operating	92 592 000	1 863 234	94 455 234	Adjustment i.r.o. Near and Firefighting grants received not gazetted
Other revenue	24 500	1 019 216	1 043 716	Adjustment as result Actuarial Gains calculations
Gains on disposal of PPE	100 000	10 000	110 000	Adjustment based on actual receipt
Total Operating Revenue	98 055 700	3 242 450	101 298 150	
EXPENDITURE BY TYPE				
Employee related costs	42 556 450	5 000	42 561 450	Not material
Remuneration of councillors	5 357 390	-	5 357 390	
Debt impairment	3 000	-	3 000	
Depreciation & asset impairment	4 498 000	-	4 498 000	
Finance charges	2 361 600	672 000	3 033 600	Adjustment as result Actuarial employee benefit calculations
Bulk purchases	-	-	-	
Other materials	4 361 730	(52 460)	4 309 270	Not material
Contracted services	-	-	-	
Grants and subsidies paid	45 691 700	250 950	45 942 650	Correction of error
Other expenditure	15 195 120	(374 330)	14 820 790	Budget for actuarial loss transferred to finance charge
Loss on disposal of PPE	50 000	1 074 760	1 124 760	Under budget
Total Operating Expenditure	120 074 990	1 575 920	121 650 910	
Operating Surplus/(Deficit) for the year	(22 019 290)	1 666 530	(20 352 760)	
Government Grants and Subsidies - Capital	-	-	-	
Net Surplus/(Deficit) for the year	(22 019 290)	1 666 530	(20 352 760)	

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FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2013 R (Actual)	2013 R (Final Buget)	2013 R (Variance)	Explanations for material variances
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	945 978	667 680	278 298	
Government - operating	92 727 479	94 455 234	(1 727 755)	% not material
Government - capital	-	-	-	
Interest	5 672 199	4 707 600	964 599	More interest earned due to higher than expected cash balances
Dividends	-	-	-	
Payments			-	
Suppliers and Employees	(56 244 622)	(73 986 453)	17 741 831	Over budget based on expected performance & roll overs
Finance charges	(2 317 815)	(2 361 600)	43 785	Over budget based on expected performance
Transfers and Grants	(35 342 227)	(45 656 570)	10 314 343	Over budget based on expected performance
NET CASH FROM/(USED) OPERATING ACTIVITIES	5 440 992	-22 174 109	-	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	110 000	100 000	10 000	Not material
Decrease/(increase) in non-current receivables	40 123	-	40 123	
Decrease/(increase) in Current investments	(900 000)	-	(900 000)	Amount is based on actual performance
Payments				
Capital assets	(6 007 932)	(8 471 390)	2 463 458	Savings on purchases
NET CASH FROM/(USED) INVESTING ACTIVITIES	-6 757 809	(8 371 390)	1 613 581	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	-	-	-	
Payments				
Repayment of borrowing	(1 333 194)	(1 138 510)	(194 684)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(1 333 194)	(1 138 510)	-194 684	
NET INCREASE/(DECREASE) IN CASH HELD	-2 650 010	(31 684 009)	1 418 897	
Cash and Cash Equivalents at the beginning of the year	86 214 164	86 214 164	0	
Cash and Cash Equivalents at the end of the year	83 564 154	54 530 155	29 033 999	

FRANCES BAARD DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

ADJUSTMENTS TO APPROVED BUDGET

	2013 R (Approved Budget)	2013 R (Adjustments)	2013 R (Final Budget)	Reasons for material adjustments
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	667 680	-	667 680	
Government - operating	92 592 000	1 863 234	94 455 234	Adjustment i.r.o. Near and Firefighting grants received not gazetted
Government - capital	-	-	-	
Interest	4 707 600	-	4 707 600	
Dividends	-	-	-	
Payments				
Suppliers and Employees	(67 225 785)	(6 760 668)	(73 986 453)	Adjustment made i.r o expenditure projections
Finance charges	(2 361 600)	-	(2 361 600)	
Transfers and Grants	(45 691 700)	35 130	(45 656 570)	Not material
NET CASH FROM/(USED) OPERATING ACTIVITIES	-17 311 805	-4 862 304	-22 174 109	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	100 000	-	100 000	
Decrease/(increase) in non-current receivables	-	-	-	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(9 013 270)	541 880	(8 471 390)	Reduction due to decrease in capital needs
NET CASH FROM/(USED) INVESTING ACTIVITIES	(8 913 270)	541 880	(8 371 390)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	-	-	-	
Payments				
Repayment of borrowing	(1 138 510)	-	(1 138 510)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	-1 138 510	-	(1 138 510)	
NET INCREASE/(DECREASE) IN CASH HELD	(27 363 585)	(4 320 424)	(31 684 009)	
Cash and Cash Equivalents at the beginning of the year	74 917 455	11 296 709	86 214 164	Based on projected estimates
Cash and Cash Equivalents at the end of the year	47 553 870	6 976 285	54 530 155	Based on projected estimates

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1 BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework , have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

The Municipality resolved to early adopt the following GRAP standards which have been issued but are not effective yet.

Standard	Description	Effective Date
GRAP 1 (Revised – Mar 2012)	Presentation of Financial Statements	1 April 2013
GRAP 3 (Revised – Mar 2012)	Accounting Policies, Changes in Accounting Estimates and Errors	1 April 2013
GRAP 9 (Revised – Mar 2012)	Revenue from Exchange Transactions	1 April 2013
GRAP 12 (Revised – Mar 2012)	Inventories	1 April 2013
GRAP 13 (Revised – Mar 2012)	Leases	1 April 2013
GRAP 16 (Revised – Mar 2012)	Investment Property	1 April 2013
GRAP 17 (Revised – Mar 2012)	Property, Plant and Equipment	1 April 2013
GRAP 25 (Original – Nov 2009)	Employee Benefits	1 April 2013
GRAP 27 (Revised – Mar 2012)	Agriculture	1 April 2013
GRAP 31 (Revised – Mar 2012)	Intangible Assets	1 April 2013
IGRAP 16 (Issued – Mar 2012)	Intangible Assets – Website Costs	1 April 2013

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible where the acquisition cost of an asset could not be determined.

1.2 PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

1.3 GOING CONCERN ASSUMPTION

These financial statements have been prepared on a going concern basis.

1.4 COMPARATIVE INFORMATION

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5 AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

1.6 MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.7 PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2012 to 30 June 2013. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Statement of Comparison of Budget and Actual Amounts.

Explanations for material differences between the final budget amounts and actual amounts are included the Statement of Comparison of Budget and Actual Amounts.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24. No amendments or disclosure requirements in terms of GRAP 3 (Revised – March 2012) has been made.

1.8 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

Standard	Description	Effective Date
GRAP 6 **(Revised – Nov 2010**	**Consolidated and Separate Financial Statements** The objective of this Standard is to prescribe the circumstances in which consolidated and separate financial statements are to be prepared and the information to be included in those financial statements so that the consolidated financial statements reflect the financial performance, financial position and cash flows of an economic entity as a single entity. No significant impact is expected as the Municipality does not have any entities at this stage to be consolidated.	**Unknown**
GRAP 7 **(Revised – Mar 2012)**	**Investments in Associate** This Standard prescribes the accounting treatment for investments in associates where the investment in the associate leads to the holding of an ownership interest in the form of a shareholding or other form of interest in the net assets. No significant impact is expected as the Municipality does have any interest in associates.	**1 April 2013**

GRAP 8 **(Revised – Nov 2010)**	**Interest in Joint Ventures** The objective of this Standard is to prescribe the accounting treatment of jointly controlled operations, jointly controlled assets and jointly controlled entities and to provide alternatives for the recognition of interests in jointly controlled entities. No significant impact is expected as the Municipality is not involved in any joint ventures.	**Unknown**
GRAP 18 **(Original – Feb 2011)**	**Segment Reporting** The objective of this Standard is to establish principles for reporting financial information by segments. No significant impact is expected as information to a large extent is already included in the appendices to the financial statements which do not form part of the audited financial statements.	**Unknown**
GRAP 20 **(Original – June 2011)**	**Related Party Disclosure** The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties. The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.	**Unknown**
GRAP 105 **(Original – Nov 2010)**	**Transfer of Functions Between Entities Under Common Control** The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. No significant impact expected as no such transactions or events are expected in the foreseeable future.	**Unknown**
GRAP 106 **(Original – Nov 2010)**	**Transfer of Functions Between Entities Not Under Common Control** The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. No significant impact expected as no such transactions or events are expected in the	**Unknown**

	foreseeable future.	
GRAP 107 **(Original – Nov 2010)**	**Mergers** The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger. No significant impact expected as no such transactions or events are expected in the foreseeable future.	**Unknown**
IGRAP 11	**Consolidation - Special Purpose Entities (SPE)** The objective of this Interpretation of the Standard is to prescribe under what circumstances an entity should consolidate a SPE. No significant impact is expected as the Municipality does not have any SPE's at this stage.	**Unknown**
IGRAP 12	**Jointly Controlled Entities non-monetary contributions** The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venturer to a Jointly Controlled Entity (JCE). No significant impact is expected as the Municipality does not have any JCE's at this stage.	**Unknown**

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

1.9 RESERVES

1.9.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/ to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilized.

1.9.2 Revaluations Reserve

The accounting for the Revaluation Reserve must be done in accordance with the requirements of GRAP 17.

All increases in the carrying value of assets as a result of a revaluation are credited against the reserve, except to the extent that the increase reverses a revaluation decrease of the same asset previously recognised in the Statement of Financial Performance. .

All decreases in the carrying value of assets as a result of a revaluation are debited against the reserve to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

1.10 LEASES

1.10.1 Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.10.2 Municipality as Lessor

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

1.11 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

1.12 UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

1.13 UNSPENT PUBLIC CONTRIBUTIONS

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

1.14 PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The Municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented.

(b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is de-recognised.

1.15 EMPLOYEE BENEFITS

Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

1.15.1 Post Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – "Employee Benefits" (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.15.2 Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation. .

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.15.3 Ex gratia Gratuities

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the

period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.15.4 Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

1.15.5 Staff Bonuses Accrued

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

1.15.6 Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.15.7 Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are recognised in the Statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

1.16 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so.

It is inappropriate to capitalise borrowing costs when there is clear evidence that it is difficult to link the borrowing requirement of the Municipality directly to the nature of the

expenditure to be funded. In such cases, the Municipality expense those borrowing costs related to a qualifying asset directly to the Statement of Financial Performance.

The amount of borrowing costs that the Municipality capitalises during a period does not exceed the amount of borrowing costs it incurred during that period. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

1.17 PROPERTY, PLANT AND EQUIPMENT

1.17.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). It the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.17.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on

an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

1.17.3 Subsequent Measurement – Revaluation Model

Subsequent to initial recognition, Land and Buildings are carried at a re-valued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and any accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of Financial Performance.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in the Statement of Financial Performance, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

1.17.4 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

	Years		***Years***
Infrastructure		**Other**	
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	7-10
Housing	30	Watercraft	15
		Bins and containers	5
Community		Specialised plant and	
Buildings	30	Equipment	10-15
Recreational Facilities	20-30	Other plant and	
Security	5	Equipment	2-5
Halls	20-30	Landfill sites	15
Libraries	20-30	Quarries	25
Parks and gardens	15-20	Emergency equipment	10
Other assets	15-20	Computer equipment	3
Finance lease assets			
Office equipment	3		
Other assets	5		

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.17.5 De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.18 INTANGIBLE ASSETS

1.18.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or

- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is

initially measured at fair value (the cost). If the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.18.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.18.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

Intangible Assets	**Years**
Computer Software	5
Computer Software Licenses	5

1.18.4 De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.19 INVESTMENT PROPERTY

1.19.1 Initial Recognition

Investment property is recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at

the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.19.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.19.3 Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Investment Property	**Years**
Buildings	30

1.19.4 De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.20 HERITAGE ASSETS

1.20.1 Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset, is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

1.20.2 Subsequent Measurement – Cost Model

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

1.20.3 Depreciation and Impairment

Heritage assets are not depreciated

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.20.4 De-recognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

1.22.5 Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2010.

1.21 NON-CURRENT ASSETS HELD FOR SALE

1.21.1 Initial Recognition

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1.21.2 Subsequent Measurement

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in the Statement of Financial Performance.

1.22 IMPAIRMENT OF NON-FINANCIAL ASSETS

1.22.1 Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information
- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information
- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects

current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.22.2 Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information
- Cessation, or near cessation, of the demand or need for services provided by the asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information
- Evidence is available of physical damage of an asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
- A decision to halt the construction of the asset before it is complete or in a usable condition.
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset

is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.23 INVENTORIES

1.23.1 Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.23.2 Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis of allocating cost to inventory items is the weighted average method.

1.24 FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both form exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.24.1 Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in

respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.24.2 Subsequent Measurement

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.24.2.1 Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.24.2.2 Payables and Annuity Loans

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value

and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.24.2.3 *Cash and Cash Equivalents*

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

1.24.2.4 *Non-Current Investments*

Investments which include fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.24.3 De-recognition of Financial Instruments

1.24.3.1 *Financial Assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality’s continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.24.3.2 *Financial Liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.24.4 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

1.25 REVENUE

1.25.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of iGRAP 1, as there is no intention of collecting this revenue.

Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Revenue from spot fines and summonses is recognised based on an estimation of future collections of fines issued based on prior period trends and collection percentages.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received, but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by law.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.25.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created. . The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating;
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.26 RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – "Related Party Disclosures".

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

(a) A person or a close member of that person's family is related to the Municipality if that person:
  - has control or joint control over the Municipality.
  - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
  - is a member of the management of the Municipality or its controlling entity.

(b) An entity is related to the Municipality if any of the following conditions apply:
  - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
  - both entities are joint ventures of the same third party.

- one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

(a) are married or live together in a relationship similar to a marriage; or
(b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

(a) all members of the governing body of the Municipality;
(b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
(c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
(d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

(a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.

(b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer an all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties.

Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

1.27 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.28 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.29 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.30 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measures with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

1.31 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.31.1 Post retirement medical obligations, Long service awards and Ex gratia gratuities

The cost of post retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 4 of the financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.31.2 Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

1.31.3 Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- cost of items with a similar nature currently in the Municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of on independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

1.31.4 Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Management referred to the following when making assumptions regarding useful lives of intangible assets:

- Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

1.31.5 Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuators to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of on independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

1.31.6 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

1.31.7 Revenue Recognition

Accounting Policy 1.23.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.23.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.31.8 Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

1.31.9 Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

1.31.10 Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

1.32 TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.33 CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.34 EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

		2013 R	2012 R
2	**NET ASSET RESERVES**		
	Capital Replacement Reserve	7 074 044	5 522 089
	Revaluations Reserve	20 921 798	21 379 051
	Total Net Asset Reserves	**27 995 842**	**26 901 140**
3	**LONG-TERM LIABILITIES**		
	Annuity Loans - At amortised cost	11 485 398	12 784 290
	Capitalised Lease Liability - At amortised cost	-	34 299
		11 485 398	**12 818 589**
	Current Portion transferred to Current Liabilities	**1 444 018**	**1 332 911**
	Annuity Loans - At amortised cost	1 444 018	1 298 612
	Capitalised Lease Liability - At amortised cost	-	34 299
		10 041 380	**11 485 678**
	Total Long-term Liabilities - At amortised cost using the effective interest rate method	**10 041 380**	**11 485 678**

Refer below for maturity dates of long term liabilities:

The obligations under annuity loans are scheduled below:	**Minimum annuity payments**	
Amounts payable under annuity loans:		
Payable within one year	2 659 207	2 659 207
Payable within two to five years	13 296 036	10 636 829
Payable after five years		5 318 414
	15 955 243	18 614 450
Less: Future finance obligations	(4 469 845)	(5 830 160)
Present value of annuity obligations	**11 485 398**	**12 784 290**

A fixed term loan over a period of 10 years was taken up with the Development Bank of Southern Africa to construct a new council Chamber and offices. In terms of the service level agreement, as amended, the loan will be repaid in 18 six -monthly instalments with the first instalment payable on 31 December 2010 at a interest rate of 10.9 %. Interest payments commenced on 30 June 2009.

The obligations under finance leases are scheduled below:	**Minimum lease payments**	
Amounts payable under finance leases:		
Payable within one year	-	35 173
Payable within two to five years	-	-
Payable after five years	-	-
	-	35 173
Less: Future finance obligations	-	(874)
Present value of lease obligations	**-**	**34 299**

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

		2013 R	2012 R
4	**EMPLOYEE BENEFITS**		
	Post Retirement Healthcare Benefits - Refer to Note 4.1	12 026 696	11 436 439
	Roads Post Retirement Healthcare Benefits - Refer to Note 4.1	9 748 944	9 782 334
	Long Service Awards - Refer to Note 4.2	1 051 590	802 797
	Ex-Gratia Pension Benefits - Refer Note 4.3	173 805	504 682
	Total Non-current Employee Benefit Liabilities	**23 001 035**	**22 526 252**

In terms of the agreement with the Northern Cape Provincial Government these amounts will be recoverable from the Provincial Government on payment to the affected employees. Refer note 14.

Post Retirement Healthcare Benefits

Balance 1 July	22 763 773	20 022 771
Contribution for the year	255 340	1 917 267
Interest Cost	1 580 289	-
Expenditure for the year	(670 407)	(581 646)
Actuarial Loss/(Gain)	(598 323)	1 405 381
Total post retirement benefits 30 June	**23 330 672**	**22 763 773**
Less: Transfer of Current Portion - Note 5	(1 555 032)	(1 545 000)
Balance 30 June	**21 775 640**	**21 218 773**

Post Retirement Benefits: Frances Baard

Balance 1 July	12 111 535	10 184 123
Contribution for the year	255 340	304 037
Interest Cost	865 005	825 411
Expenditure for the year	(366 546)	(581 646)
Actuarial Loss/(Gain)	(221 591)	1 379 610
Total post retirement benefits 30 June	**12 643 743**	**12 111 535**
Less: Transfer of Current Portion - Note	(691 860)	(675 095)
Balance 30 June	**11 951 883**	**11 436 440**

Post Retirement Benefits: Roads

Balance 1 July	10 652 239	9 838 648
Contribution for the year	-	-
Interest Cost	715 283	787 819
Expenditure for the year	(303 861)	(725 424)
Actuarial Loss/(Gain)	(376 732)	751 195
Total post retirement benefits 30 June	**10 686 929**	**10 652 238**
Less: Transfer of Current Portion - Note	(863 172)	(869 905)
Balance 30 June	**9 823 757**	**9 782 333**

Long Service Awards

Balance 1 July	1 021 384	789 848
Contribution for the year	208 923	201 806
Interest Cost	60 018	-
Expenditure for the year	(215 060)	(79 103)
Actuarial Loss/(Gain)	(12 593)	108 833
Total long service 30 June	**1 062 672**	**1 021 384**
Less: Transfer of Current Portion - Note 5	(11 082)	(218 587)
Balance 30 June	**1 051 590**	**802 797**

Ex-Gratia Pensions

Balance 1 July	575 936	833 299
Contribution for the year		69 122
Interest Cost	31 494	
Expenditure for the year	(36 404)	(75 829)
Actuarial Loss/(Gain)	(357 800)	(250 656)
Total long service 30 June	**213 226**	**575 936**
Less: Transfer of Current Portion - Note 5	(39 421)	(71 254)
Balance 30 June	**173 805**	**504 682**

TOTAL NON-CURRENT EMPOLYEE BENEFITS

Balance 1 July	24 361 093	21 645 918
Contribution for the year	464 263	2 188 195
Interest cost	1 671 801	-
Expenditure for the year	(921 871)	(736 578)
Actuarial Loss/(Gain)	(968 716)	1 263 558
Total employee benefits 30 June	**24 606 570**	**24 361 093**
Less: Transfer of Current Portion - Note 5	(1 605 535)	(1 834 841)
Balance 30 June	**23 001 035**	**22 526 252**

	2013 R	2012 R

4 EMPLOYEE BENEFITS (CONTINUE)

4.1 Post Retirement Healthcare Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	58	47
Continuation members (e.g. Retirees, widows, orphans)	22	24
Roads - Continuation members (e.g. Retirees, widows, orphans)	27	27
Total Members	**107**	**98**

The liability in respect of past service has been estimated to be as follows:

In-service members	4 453 000	2 940 292
Continuation members	8 264 884	9 171 243
Roads - Continuation members	10 612 116	10 652 239
Total Liability	**23 330 000**	**22 763 774**

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2011 R	2010 R	2009 R
In-service members	3 209 359	4 487 770	1 620 064
Continuation members	16 813 413	14 089 056	18 659 818
Total Liability	**20 022 772**	**18 576 826**	**20 279 882**

Experience adjustments were calculated as follows:	2013 Rm	2012 Rm	2011 Rm	2010 Rm
Liabilities: (Gain) / loss	0.041	(0.216)	(0.98)	(4.44)
Assets: Gain / (loss)			-	-

The municipality performed their first actuarial valuation on 30 June 2010. Thus there are no experience adjustment figures available on or before 30 June 2010 to fully comply with GRAP 25

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:
Bonitas;
Keyhealth
LA Health
ProSano
SAMWU Medical Aid

Key actuarial assumptions used:	2013 %	2012 %
i) Rate of interest		
Discount rate	8.05%	7.18%
Health Care Cost Inflation Rate	7.39%	6.77%
Net Effective Discount Rate	0.61%	0.39%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of early and ill-health retirement.

	R	R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	21 775 640	21 218 773
Total Liability	**21 775 640**	**21 218 773**

The fund is wholly unfunded.

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	22 763 773	20 022 771
Total expenses	1 165 222	1 335 621
Current service cost	255 340	304 037
Interest Cost	1 580 289	1 613 230
Benefits Paid	(670 407)	(581 646)
Actuarial (gains)/losses	(598 323)	1 405 381
Present value of fund obligation at the end of the year	23 330 672	22 763 773
Less: Transfer of Current Portion - Note 5	(1 555 032)	(1 545 000)
Balance 30 June	**21 775 640**	**21 218 773**

Sensitivity Analysis on the Accrued Liability

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions	4.453	18.877	23.33	

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	5.468	20.775	26.24	12%
Health care inflation	-1%	3.665	17.237	20.90	-10%
Post-retirement mortality	-1 year	4.608	19.729	24.34	4%
Average retirement age	-1 year	4.739	18.877	23.62	1%
Withdrawal Rate	-50%	5.13	18.877	24.01	3%

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		255 300	1 580 300	1 835 600	
Health care inflation	1%	333 500	1 783 700	2 117 200	15%
Health care inflation	-1%	197 800	1 410 600	1 608 400	-12%
Post-retirement mortality	-1 year	264 200	1 652 000	1 916 200	4%
Average retirement age	-1 year	278 300	1 594 400	1 872 700	2%
Withdrawal Rate	-50%	348 900	1 619 500	1 968 400	7%

4.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.

	2013	2012
As at year end, the following number of employees were eligible for Long Service Bonuses.	86	120

Key actuarial assumptions used:	2013 %	2012 %
i) Rate of interest		
Discount rate	8%	7%
General Salary Inflation (long-term)	7%	6%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	1%	58%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

	2013 R	2012 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	1 051 590	802 797
Net liability	**1 051 590**	**802 797**

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2011 R	2010 R	2009 R
Total Liability	789 848	1 013 696	758 174

Experience adjustments were calculated as follows:

Liabilities: (Gain) / loss	(242 288)	128 698.00	-
Assets: Gain / (loss)	(223 848)	255 522.00	63 366.00

Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	1 021 384	789 848
Total expenses	53 881	122 703
Current service cost	208 923	141 326
Interest Cost	60 018	60 480
Benefits Paid	(215 060)	(79 103)
Actuarial (gains)/losses	(12 593)	108 833
Present value of fund obligation at the end of the year	1 062 672	1 021 384
Less: Transfer of Current Portion - Note 5	(11 082)	(218 587)
Balance 30 June	**1 051 590**	**802 797**

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (R)	% change
Central assumptions		1 063 000	
General salary inflation	1%	1 147 000	8%
General salary inflation	-1%	987 000	-7%
Average retirement age	-2 yrs	920 000	13%
Average retirement age	2 yrs	1 116 000	5%
Withdrawal rates	-50%	1 375 000	29%

4.3 Provision for Ex-Gratia Pension Benefits

The Ex-Gratia plans are defined benefit plans. As at year end, 2 employees were eligible for Ex-Gratia payments.

There is no Future-service Costs as there are no current in-service members eligible for ex-gratia payments, whereas the Interest cost for the next year is estimated to be R??

Sensitivity Analysis on the interest cost

Assumption	Change	Liability	% change
Central assumptions		31 494	
Pension increase rate	1%	32 108	2%
Pension increase rate	-1%	30 925	-2%
Post retirement mortality	-1 Yrs	32 457	3%

4 EMPLOYEE BENEFITS (CONTINUED)

	2013 %	2012 %
Key actuarial assumptions used:		
i) Rate of interest		
Discount rate	6%	6%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

	2013 R	2012 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	142 311	504 682
Net liability/(asset)	**142 311**	**504 682**
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	575 936	833 299
Total expenses	(36 404)	(6 707)
Current service cost	-	-
Interest Cost	-	69 122
Benefits Paid	(36 404)	(75 829)
Actuarial (gains)/losses	(357 800)	(250 656)
Present value of fund obligation at the end of the year	**181 732**	**575 936**
Less: Transfer of Current Portion to Current Employee Benefits - Note 5	(39 421)	(71 254)
Balance at end of year	**142 311**	**504 682**

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2011 R	2010 R	2009 R
Members	833 299	782 896	724 910
Total Liability	**833 299**	**782 896**	**724 910**

Experience adjustments were calculated as follows:

Liabilities: (Gain) / loss	**(242 288)**	**48 137.00**	**5 822.23**
Assets: Gain / (loss)	**50 402**	**(57 986.00)**	**20 126.00**

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		213 226	
Pension increase rate	1%	223 505	5%
Pension increase rate	-1%	203 683	-4%
Post retirement mortality	1 Yrs	224 184	5%

4.4 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner

data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

CAPE RETIREMENT FUND	**2013 R**	**2012 R**
The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2012 revealed that the fund is in an sound financial position with a funding level of 99.90% (30 June 2011 - 98.10%).		
Contributions paid recognised in the Statement of Financial Performance	4 062 617	3 567 202

DEFINED CONTRIBUTION FUNDS

Council contribute to the Municipal Council Pension Fund, SALA Pension Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

Municipal Councillors Pension Fund	164 953	156 237
SAMWU National Provident Fund	16 842	15 556
	181 795	171 793

5 CURRENT EMPLOYEE BENEFITS

Current Portion of Post Retirement Healthcare Benefits - Note 4	691 860	675 095
Roads - Current Portion of Post Retirement Healthcare Benefits - Note 4	863 172	869 905
Current Portion of Long-Service Provisions - Note 4	11 082	218 587
Current Portion of Ex-Gratia Pension - Note 4	39 421	71 254
Provision for Staff Leave	3 701 841	2 806 740
Provision for Performance Bonuses	464 450	390 833
Staff Bonuses accrued	1 087 873	992 073
Total Current Employee Benefits	**6 859 699**	**6 024 487**

The movement in current employee benefits are reconciled as follows:

Provision for Staff Leave

Balance at beginning of year	2 806 740	2 370 735
Contribution to current portion	1 121 150	882 771
Expenditure incurred	(226 049)	(446 766)
Balance at end of year	**3 701 841**	**2 806 740**

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

Provision for Performance Bonuses

Balance at beginning of year	390 833	405 240
Contribution to current portion	371 068	209 320
Expenditure incurred	(297 451)	(223 727)
Balance at end of year	**464 450**	**390 833**

Performance bonuses are paid one year in arrear as the assessment of eligible employees had not taken place at the reporting date and no present obligation exists.

Staff Bonuses accrued

Balance at beginning of year	992 072	905 370
Contribution to current portion	1 393 789	1 499 583
Expenditure incurred	(1 297 989)	(1 412 881)
Balance at end of year	**1 087 872**	**992 072**

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

6	**PAYABLES FROM EXCHANGE TRANSACTIONS**	**2013 R**	**2012 R**
	Other Payables	**3 962 839**	**5 368 725**
	Payments received in advance	16 754	11 814
	Retentions	439 713	341 906
	Creditors Control	254 710	2 018 012
	Sundry Creditors	3 185 649	2 902 575
	ABSA Fleet Card	66 013	-
	Salary Control: - Medical Aid	-	1 732
	Salary Control: - SITE / PAYE	-	2 303
	Salary Control: - Garnishing Order	-	500
	Salary Control:- Workmen's Compensation	-	85 683
	Salary Control - Traffic Fines	-	200
	Stale Cheque Account	-	4 000
	Total Trade Payables	**3 962 839**	**5 368 725**

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary

The carrying value of trade and other payables approximates its fair value.
All payables are unsecured.

7	**UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**		
	Unspent Grants	327 280	2 178 633
	National and Provincial Government Grants	327 280	2 178 633
	Less: Unpaid Grants	-	-
	National and Provincial Government Grants	-	-
	Total Conditional Grants and Receipts	**327 280**	**2 178 633**

Reconciliation of total grants and receipts

See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

8 TAXES

NET VAT RECEIVABLE/(PAYABLE)	1 095 595	1 189 493

VAT is receivable/payable on the cash basis.

9 PROPERTY, PLANT AND EQUIPMENT

See attached sheet on page 75

	2013 R	2012 R
Funding of Assets: Non-exchanged Transactions		
External Loans	15 000 000	15 000 000
Own Generated Funds	43 255 776	41 098 594
Grants & Subsidies	2 443 985	560 613
Revaluation	21 729 177	21 729 177
	82 428 938	**78 388 384**
Less Assets Held for Sale	(7 021 968)	(148 602)
Total	**75 406 970**	**78 239 782**

Assets pledged as security:

No assets are pledged as security.

Third party payments received for losses incurred:

Payments received (Excluding VAT)	5 719	20 708
Carrying value of assets written off/lost		-
Surplus/Deficit	**5 719**	**20 708**

Impairment of property plant and equipment for the year

Impairment charges on Property, plant and equipment recognised in statement of financial performance

Land and Buildings	-	18 664 664
	-	**18 664 664**

Cumulative impairment charges included in major balances

Land and Buildings	18 664 664	18 664 664
	18 664 664	**18 664 664**

10 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale at beginning of year - at book value	75 155	-
Additions for the year	6 699 526	-
Transferred from PPE at Book Value		75 155
	6 774 681	75 155
Non-current assets sold/written off during the year	(75 155)	
Non-current assets held for sale at end of year - at book value	**6 699 526**	**75 155**

Non-current assets are items written off and sold at auctions during the financial year.

11 INTANGIBLE ASSETS

Computer Software

Net Carrying amount at 1 July	**894 823**	**832 793**
Cost	1 367 970	1 184 862
Accumulated Amortisation	(473 147)	(352 069)
Additions	373 739	183 108
Disposals: Cost	(607 969)	
Amortisation	(127 155)	(121 078)
Disposals: Amortisation	339 232	-
Net Carrying amount at 30 June	**872 670**	**894 823**
Cost	1 133 740	1 367 970
Accumulated Amortisation	(261 070)	(473 147)

The following material intangible assets are included in the carrying value above

Description	Remaining Amortisation Period	Carrying Value	
Computer programmes	13	872 670	894 823

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

12 HERITAGE ASSETS

	2013 R	2012 R
Net Carrying amount at 1 July	**631 417**	**627 427**
Cost	631 417	627 427
Balance Previously Reported		-
Change of accounting policy - Note 30		627 427
Acquisitions	-	3 990
Net Carrying amount at 30 June	**631 417**	**631 417**
Cost	631 417	631 417
Balance Previously Reported		-
Change of accounting policy - Note 30		631 417

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.

There are no Heritage Assets pledged as security for liabilities

13 CURRENT INVESTMENTS

Bank Deposits	3 800 000	2 900 000
Total Current Investments	**3 800 000**	**2 900 000**

14 LONG-TERM RECEIVABLES

Roads Post Retirement Healthcare Benefits - Refer to Note 4.1	10 652 239	10 652 239
Balance Previously Reported	-	-
Correction of Error - Note 31	-	10 652 239
Current year movements	(40 123)	
Total post retirement benefits 30 June	**10 612 116**	**10 652 239**
Less: Transfer of Current Portion - Note	(863 172)	(869 905)
Balance 30 June	**9 748 944**	**9 782 334**

Council managed an agency service on behalf of the Department of Roads & Public Works until 30 June 2011. The service has been transferred back to the Department from 01 July 2011. As per agreement, the municipality will continue payment of the post service medical aid premiums of the retired employees to the service provider. The Department will refund the employers portion of the instalment and the members will be responsible for the employee portion. Outstanding amounts are treated as receivables from non-exchange transactions.

15 INVENTORY

Consumable Stores - Stationery and materials - At cost	266 402	349 926
Total Inventory	**266 402**	**349 926**
Consumable stores materials written down due to losses as identified during the annual stores counts.	**2 798**	**-**
Consumable stores materials surpluses identified during the annual stores counts.	**-**	**-**
Inventory recognised as an expense during the year	**363 140**	**326 324**

No inventory assets were pledged as security for liabilities.

16 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2013 R	2012 R
Other Receivables	1 528 458	1 680 585
Sundry Services	718 824	1 171 904
Payments Made in Advance	466 964	117 852
Interest on investment	276 228	319 963
Other Sundry Debtors	62 691	70 762
Salary Control:-Main Account	3 551	-
Salary Control - Traffic Fines	200	-
Salary Control - Debit Order & Other Deductions Control	-	104
Total Receivables from Non-Exchange Transactions	**1 528 458**	**1 680 585**
Less: Allowance for Doubtful Debts	-	-
Total Net Receivables from Non-Exchange Transactions	**1 528 458**	**1 680 585**

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

17 OPERATING LEASE ARRANGEMENTS

17.1 The Municipality as Lessor (Asset)

Balance on 1 July	8 240	9 383
Movement during the year	(3 662)	(1 143)
Balance on 30 June	**4 578**	**8 240**

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

Up to 1 Year	4 578	16 658
1 to 5 Years	-	16 492
More than 5 Years	-	-
Total Operating Lease Arrangements	**4 578**	**33 150**

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.
The municipality does not engage in any sub-lease arrangements.
The municipality did not receive any contingent rent during the year

18 CASH AND CASH EQUIVALENTS

Assets

Call Investment Deposits	83 200 000	83 500 000
Primary Bank Account	360 854	2 710 864
Cash Floats	3 300	3 300
Total Cash and Cash Equivalents - Assets	**83 564 154**	**86 214 164**

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

The municipality has the following bank accounts:

Current Accounts

Standard Bank Kimberley Business Centre - Account Number 04 007 955 4	322 385	3 512
ABSA Bank Kimberley (Central Business District) - Account Number 940 000 327	38 469	2 707 352
	360 854	**2 710 864**

	2013 R	**2012 R**
Standard Bank Kimberley Business Centre - Account Number 04 007 955 4		
Cash book balance at beginning of year	3 512	-
Cash book balance at end of year	322 385	3 512
Bank statement balance at beginning of year	580	-
Bank statement balance at end of year	618 780	580
ABSA Bank Kimberley (Central Business District) - Account Number 940 000 327		
Cash book balance at beginning of year	2 707 352	2 624 852
Cash book balance at end of year	38 469	2 707 352
Bank statement balance at beginning of year	3 364 665	4 308 250
Bank statement balance at end of year	41 490	3 364 665

New primary bank account has been opened at Standard bank. The account at ABSA will be closed as soon as all transactions on the ABSA account stopped

Call Investment Deposits

Call investment deposits consist out of the following accounts:

Absa Bank	30 450 000	12 250 000
First Rand	4 000 000	10 750 000
Nedcor	34 000 000	25 750 000
Standard Bank	14 750 000	34 750 000
	83 200 000	**83 500 000**

19 GOVERNMENT GRANTS AND SUBSIDIES

Unconditional Grants	**87 442 000**	**79 281 000**
Equitable Share	87 442 000	79 281 000
Conditional Grants	**7 136 831**	**9 632 873**
National Government	1 982 992	2 450 000
Provincial Government	4 559 008	7 062 873
Public Contributions	594 831	120 000
Total Grants and Subsidies	**94 578 831**	**88 913 873**

Revenue recognised per vote as required by Section 123 (c) of the MFMA

Equitable share	87 442 000	79 281 000
Executive & Council	-	138 682
Budget & Treasury	1 424 648	1 420 324
Planning & Development	2 434 792	2 863 669
Housing	983 191	3 148 561
Public Safety	2 288 364	-
Environmental Protection	5 836	2 061 638
	94 578 831	**88 913 874**

The municipality does not expect any significant changes to the level of grants.

19.01 Equitable share

Opening balance	-	-
Grants received	87 442 000	79 281 000
Gross Funding	**87 442 000**	**79 281 000**
Conditions met - transferred to revenue	(87 442 000)	(79 281 000)
Conditions still to be met	**-**	**-**

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

	2013 R	2012 R

19.02 Financial Management Grant

Opening balance	-	-
Grants received	1 250 000	1 250 000
Gross Funding	**1 250 000**	**1 250 000**
Conditions met - transferred to revenue	(1 250 000)	(1 250 000)
Conditions still to be met	**-**	**-**

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

19.03 Municipal Systems Improvement Grant

Opening balance	-	-
Grants received	1 000 000	1 200 000
Gross Funding	**1 000 000**	**1 200 000**
Conditions met - transferred to revenue	(732 992)	(1 200 000)
Conditions still to be met	**267 008**	**-**

The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

19.04 DWA - Sanitation (Mvula Trust)

Opening balance	-	1 489 217
Grants received	-	-
Gross Funding	**-**	**1 489 217**
Conditions met - transferred to revenue	-	(1 489 217)
Conditions still to be met	**-**	**-**

The grant is from Department of Water Affairs & Environmental Affairs to provide adequate water and sanitation facilities to farm workers in the rural areas in the district as well as to support operation and maintenance programmes at local municipalities in the district.

19.05 District Aids Council

Opening balance	-	114 682
Grants received	-	-
Gross Funding	**-**	**114 682**
Conditions met - transferred to revenue	-	(114 682)
Grant expenditure to be recovered	**-**	**-**

The grant is from Department of Health to finance the costs of District Aids Councils in the campaign against AIDS and also to provide HIV /AIDS prevention care programs and services in the region.

19.06 NEAR Control Centre

Opening balance	569 000	-
Grants received	607 000	569 000
Gross Funding	**1 176 000**	**569 000**
Conditions met - transferred to revenue	(1 176 000)	-
Grant expenditure to be recovered	**-**	**569 000**

The grant is used to maintain effective functioning of the NEAR control centres and provide additional funds for training NEAR personnel.

19.07 NCPA - Housing Accreditation Grant

Opening balance	713 191	1 077 953
Grants received	270 000	2 783 799
Gross Funding	**983 191**	**3 861 752**
Conditions met - transferred to revenue	(983 191)	(3 148 561)
Conditions still to be met	**-**	**713 191**

The grant is used to enable the District Municipality to obtain full accreditation to administer national housing programmes in terms of the delegation of functions from Department of Cooperative Governance, Human Settlements & Traditional Affairs.

19.08 NCPA Firefighting Equipment

	2013 **R**	**2012** **R**
Opening balance	723 364	352 364
Grants received	389 000	371 000
Gross Funding	**1 112 364**	**723 364**
Conditions met - transferred to revenue	(1 112 364)	-
Conditions still to be met	**-**	**723 364**

Grant is used to enhance municipalities' capacity to deal with fire hazards.

19.09 SETA - Skills Grant

Opening balance	-	-
Grants received	174 648	170 324
Gross Funding	**174 648**	**170 324**
Conditions met - transferred to revenue	(174 648)	(170 324)
Conditions still to be met	**-**	**-**

The grant is used for training and capacity building of employees as per approved Skills Work Plan.

19.10 NCPA: EPWP: DMA Bush Clearance

Opening balance	106 969	185 421
Grants received	1 000 000	-
Gross Funding	**1 106 969**	**185 421**
Conditions met - transferred to revenue	(1 106 969)	(78 452)
Conditions still to be met	**-**	**106 969**

The grant is used for clearance and vegetation control of areas in the DMA

19.11 NCPA: Environmental Health Recycling Project

Opening balance	66 108	1 427 746
Grants received	-	700 000
Gross Funding	**66 108**	**2 127 746**
Conditions met - transferred to revenue	(5 836)	(2 061 638)
Conditions still to be met	**60 272**	**66 108**

Grant is used for Frances Baard Recycling projects

19.12 Total Government Grants & Subsidies

Opening balance	2 178 632	4 647 383
Grants received	92 132 648	86 325 123
Gross Funding	**94 311 280**	**90 972 506**
Conditions met - transferred to revenue	(93 984 000)	(88 793 874)
Conditions still to be met/(Grant expenditure to be recovered)	**327 280**	**2 178 632**

Disclosed as follows:

Unspent Conditional Government Grants and Receipts	327 280	2 178 632
Unpaid Conditional Government Grants and Receipts	-	-
	327 280	**2 178 632**

	2013	**2012**
	R	**R**

20 Public Contributions & Donations

20.01 Koopmansfontein Electricity Self Build Scheme

Opening balance	-	80 000
Grants received	594 831	16 000
Gross Funding	**594 831**	**96 000**
Conditions met - transferred to revenue	(594 831)	(96 000)
Conditions still to be met	**-**	**-**

The grant is used to complete the Koopmansfontein self build scheme with financial contribution from ESKOM and farmers.

20.02 ABSA

Opening balance	-	-
Grants received	-	24 000
Gross Funding	**-**	**24 000**
Conditions met - transferred to revenue	-	(24 000)
Conditions still to be met	**-**	**-**

Private contribution to fund commemorative day celebrations

20.03 Total Public Contributions & Donations

Opening balance	-	80 000
Grants received	594 831	40 000
Gross Funding	**594 831**	**120 000**
Conditions met - transferred to revenue	(594 831)	(120 000)
Conditions still to be met/(Grant expenditure to be recovered)	**-**	**-**

Disclosed as follows:

Unspent Public Contributions & Donations	-	-
Unpaid Public Contributions & Donations	-	-
	-	**-**

21 OTHER INCOME

Commission: Insurance Payments	8 998	6 635
Cost Recovery - Private usage of Pool Vehicles (IEC)	-	2 460
Private telephone calls / photo copies	40 549	27 390
Rentals	-	6 445
Sanlam Shares	-	1 687
Dividends Received	-	38
Insurance Claims / Replace Stolen Assets	5 719	20 708
Study Bursaries Recovered	5 150	-
Stale Cheques Written Back	3 615	-
Unclaimed Wages	1 467	-
Other	11 884	16 772
Total Other Income	**77 382**	**82 135**

Sundry income represents income such as insurance claims, private telephone calls and other sundry income.

22 EMPLOYEE RELATED COSTS

Employee related costs – Salaries and Wages	25 324 762	22 324 750
Employee related costs – Contributions for UIF, pensions and medical aids	6 278 715	5 537 182
Motor car and other allowances	2 518 781	2 098 548
Housing benefits and allowances	413 021	527 834
Overtime	54 263	57 765
Leave benefit	1 121 150	882 771
Annual Bonus	1 880 048	1 778 420
Performance bonus	371 068	209 320
Compulsory cost:- Skills Levy; Workmens Compensation; Industrial Council Contributions	677 875	495 881
Group Insurance	323 283	276 098
Long Service Bonus	208 923	141 326
Post-Retirement Medical Aid	-	-
Post-Retirement Pension fund	255 340	304 037
	39 427 229	**34 633 932**
Less: Employee Costs allocated elsewhere	-	-
Total Employee Related Costs	**39 427 229**	**34 633 932**

		2013 R	2012 R
	KEY MANAGEMENT PERSONNEL		
	Municipal Manager is appointed on a 5-year and all other Directors on a 5-year fixed contract. There are no post-employment or termination benefits payable to them at the end of the contract period.		
	REMUNERATION OF KEY MANAGEMENT PERSONNEL		
	Remuneration of the Municipal Manager - Me ZM Bogatsu		
	Annual Remuneration	1 111 063	176 531
	Performance Bonuses	-	-
	Total	**1 111 063**	**176 531**
	Remuneration of the Director Financial Services - Mr PJ van Biljon		
	Annual Remuneration	1 014 460	975 270
	Performance Bonuses	74 363	54 876
	Total	**1 088 823**	**1 030 146**
	Remuneration of the Director Administration - Me NG Kgantsi		
	Annual Remuneration	1 014 460	977 751
	Performance Bonuses	74 363	50 655
	Total	**1 088 823**	**1 028 406**
	Remuneration of Executive Director: Infrastructure Services - Mr PJ van der Walt		
	Annual Remuneration	1 014 460	977 751
	Performance Bonuses	74 363	54 876
	Total	**1 088 823**	**1 032 627**
	Remuneration of Executive Director: Planning & Development - Mr FS Mdee		
	Annual Remuneration	1 014 460	1 088 674
	Performance Bonuses	74 363	63 319
	Total	**1 088 823**	**1 151 993**
23	**REMUNERATION OF COUNCILLORS**		
	Mayor	708 102	594 284
	Speaker	558 201	477 392
	MPAC Chairman	293 423	
	Mayoral Committee Members	2 098 743	1 934 773
	Councillors	1 414 526	1 516 276
	Other Obligatory Contributions (Skills Levy, etc.)	87 203	72 457
	Total Councillors' Remuneration	**5 160 198**	**4 595 182**
	In-kind Benefits		
	The Executive Mayor, Speaker and all the Mayoral committee members are full-time. The Mayor is provided with secretarial support and an office at the cost of the Council.		
	The Executive Mayor makes use of a Council owned vehicle for ceremonial duties.		
	The Executive Mayor makes use of a Council owned vehicle and a driver for travelling between Warrenton and her office that is situated in Kimberley.		
24	**DEPRECIATION AND AMORTISATION**		
	Property Plant and Equipment	3 991 409	3 776 742
	Intangible Assets	127 155	121 078
		4 118 564	**3 897 820**
25	**IMPAIRMENTS**		
	Property Plant and Equipment	-	18 664 664
		-	**18 664 664**

26 FINANCE CHARGES

Long-term Liabilities	1 360 424	1 500 396
Finance leases	874	15 770
Employee Benefits	956 517	955 013
Total finance charges	**2 317 815**	**2 471 179**

	2013 R	2012 R

27 GRANTS AND SUBSIDIES

27.1 Grants and subsidies paid to other municipalities

Infrastructure grants paid to other municipalities	**26 021 290**	**17 375 428**
Dikgatlong Municipality	**6 310 893**	**2 647 019**
Streets & Storm Water	3 000 000	-
Water	1 322 241	646 691
Maintenance Projects	1 988 652	2 000 328
Magareng Municipality	**5 629 781**	**3 912 333**
Water	2 435 519	
Electricity	691 447	-
Refuse	-	1 600 000
Maintenance Projects	2 502 815	2 312 333
Phokwane Municipality	**10 177 928**	**5 749 173**
Sanitation	1 415 956	-
Streets & Stormwater	5 319 998	3 701 702
Electricity	543 695	
Maintenance Projects	2 898 279	2 047 471
Sol Plaatje Municipality	**3 662 842**	**2 204 840**
Water	978 475	1 429 960
Sanitation	1 782 896	
Maintenance Projects	901 471	774 880
District Management Areas	**239 846**	**2 862 063**
Electricity	239 846	2 862 063
Total Grants and subsidies paid to other municipalities	**26 021 290**	**17 375 428**

Council makes allocations to participating bodies within its area of jurisdiction. Such allocations are primarily for infrastructure development and are treated as grants in kind. Assets with regard to property, plant and equipment funded becomes the property of the participating body who controls the asset.

27.2 Other grants paid and special projects

Other grants paid and special projects	**9 320 935**	**9 006 251**
Grants paid to other organs of state	**135 000**	**135 000**
Northern Cape Tourism Authority	135 000	135 000
Other special projects	**9 185 935**	**8 871 251**
Council - Special Projects in the Office of the Mayor and Speaker	-	300 380
Special Projects: Office of The Municipal Manager	12 000	23 934
Youth unit / Manager in office of Municipal Manager	111 663	29 618
Communications - Communication Projects	379 617	21 633
Financial Management & Support Programmes	1 505 324	641 634
Information Technology Projects	149 640	111 632
Employee wellness programmes	568 905	685 228
Tourism Projects	1 218 399	1 488 210
GIS Projects	590 822	412 042
Spatial Planning Projects	334 210	-
Planning & Development projects	732 992	1 188 841
IDP / PMS Projects	43 287	17 094
Local Economic Development	1 818 716	1 303 228
Environmental Health Projects	114 963	2 153 675
Disaster Management	698 051	247 151
Housing Awareness	907 346	246 951
Total Other grants paid and special projects	**9 320 935**	**9 006 251**

Summary of Grants and Subsidies Paid

Infrastructure grants paid to other municipalities	26 021 290	17 375 428
Grants paid to other organs of state	135 000	135 000
Other special projects	9 185 935	8 871 251
Total Grants and Subsidies	**35 342 225**	**26 381 679**

		2013 R	2012 R
28	**GENERAL EXPENSES**		
	Accommodation	1 131 109	1 070 040
	Audit Fees	1 401 052	1 330 070
	Bank Charges	64 643	52 934
	Books, Printing & Stationery	580 164	474 806
	Cellphones	73 398	25 985
	Cleaning Materials	43 720	46 273
	Cleaning Motor Vehicles	12 011	12 021
	Conferences and Seminars	259 482	173 244
	Consultancy	211 979	2 512 257
	Entertainment / Refreshments	233 669	216 389
	General Expenses	144 502	152 136
	General Notices	873 888	705 941
	Gifts	198	6 527
	Insurance	194 036	271 889
	Motor vehicle operating cost	779 886	744 371
	Motor Vehicle Usage	(445)	(50 896)
	Municipal Services & Taxes	1 084 523	748 821
	Office Requirements	4 056	3 778
	Pauper Burials	11 853	4 500
	Postage	10 990	6 215
	Protective Clothing	16 735	16 212
	Relocation Costs	36 278	43 644
	Rental of Buildings & Equipment	46 299	74 273
	SALGA Membership Fees	400 000	305 936
	Security Services	454 628	414 251
	Study Bursaries	90 343	57 893
	Training	891 637	737 455
	Telephone / Data Lines	452 914	493 982
	Transportation	553 153	464 856
	General Expenses	**10 056 701**	**11 115 803**

29 DISCONTINUED OPERATIONS

Expenditure

Transfer of Trade Receivables to municipalities	-	251 593
Total Expenditure	**-**	**251 593**

		2012 R
30	**CHANGE IN ACCOUNTING POLICY IN TERMS OF GRAP 3**	
30.1	**Heritage Assets**	
	Balance previously reported	-
	Transferred from Property, Plant & Equipment	631 417
	Restated balance	**631 417**
	Property, Plant & Equipment	
	Balance previously reported	46 530 537
	Transferred to Heritage Assets	631 417
	Restated balance	**45 899 120**

Implementation of GRAP 103 requires that Heritage Assets should be disclosed separately from Property, Plant and Equipment.

		2012 R
31	**CORRECTION OF ERROR IN TERMS OF GRAP 3**	
31.1	**Property, Plant & Equipment - Land & Buildings**	
	Balance previously reported	40 828 109
	Accumulated Impairment	18 664 664
	Restated balance	59 492 774
	Property, Plant & Equipment - Accumulated impairment / Depreciation: Land & Buildings	
	Balance previously reported	6 572 243
	Accumulated Impairment	18 664 664
	Restated balance	**25 236 907**
	Effect on Carrying Value - Land & Buildings	**-**
	The effect of impairments on land and buildings was wrongly disclosed in the previous financial year. The cost price was decreased with the impairments.	
31.2	**Long-Term Receivables**	
	Balance previously reported	-
	Roads - Post retirement healthcare benefits - 1 July 2011	9 838 649
	Interest Cost	787 819
	Expenditure for the year	(725 424)
	Actuarial Loss/(Gain)	751 195
	Current Portion of Long-term Receivables	(869 905)
	Restated balance	**9 782 334**
	Accumulated surplus / (deficit)	
	Balance previously reported	76 169 435
	Post retirement healthcare benefits - 1 July 2011	9 838 649
	Restated balance	86 008 084
	Movements in statement of financial performance	
	Interest Cost	787 819
	Expenditure for the year	(725 424)
	Actuarial Loss/(Gain)	751 195
	Current Portion of Long-term Receivables	
	Balance previously reported	-
	Current portion of post retirement healthcare - roads	869 905
	Restated balance	**869 905**

The long-term receivables were restated due the fact that Province has assumed responsibility for the post retirement medical of employees that were employed in the roads function.

		2013 R	2012 R
32	**RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS**		
	Surplus/(Deficit) for the year	**2 184 089**	**(10 458 130)**
	Adjustments for:		
	Depreciation	3 991 409	3 776 742
	Amortisation of Intangible Assets	127 155	121 078
	Gain on disposal of property, plant and equipment	(110 000)	-
	Loss on disposal of property, plant and equipment	862 371	615 192
	Debt Impairment	-	-
	Contribution from/to Employee Benefits - Current	2 886 007	2 591 674
	Contribution from/to Employee Benefits - Current - Expenditure incurred	(1 821 489)	(2 083 374)
	Contribution from/to Employee Benefits - Non-Current	2 136 064	2 188 195
	Contribution from/to Employee Benefits - Non-Current - Expenditure incurred	(921 871)	(736 578)
	Actuarial Gains	(968 716)	(250 656)
	Actuarial Losses	-	1 514 214
	Fair Value Adjustments	-	-
	Impairment written off	-	18 664 664
	Grants Received	92 727 479	86 365 123
	Grant Expenditure	(94 578 831)	(88 913 873)
	Operating lease income accrued	3 662	1 143
	Operating lease expenses accrued	-	-
	Operating Surplus/(Deficit) before changes in working capital	**6 517 329**	**13 395 414**
	Changes in working capital	**(1 076 337)**	**4 168 741**
	Increase/(Decrease) in Trade and Other Payables	(1 405 886)	3 101 167
	(Increase)/Decrease in Taxes	93 898	300 104
	(Increase)/Decrease in Inventory	83 524	20 348
	(Increase)/Decrease in Trade and other receivables	152 127	747 122
	Cash generated/(absorbed) by operations	**5 440 992**	**17 564 155**
33	**CASH AND CASH EQUIVALENTS**		
	Cash and cash equivalents included in the cash flow statement comprise the following:		
	Call Investments Deposits - Note 18	83 200 000	83 500 000
	Cash Floats - Note 18	3 300	3 300
	Bank - Note 18	360 854	2 710 864
	Bank overdraft - Note 18	-	-
	Total cash and cash equivalents	**83 564 154**	**86 214 164**
34	**RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES**		
	Cash and Cash Equivalents - Note 33	83 564 154	86 214 164
	Investments - Note 13	-	-
		83 564 154	**86 214 164**
	Less:	**41 149 818**	**43 571 845**
	Unspent Committed Conditional Grants - Note 7	327 280	2 178 633
	Payables from exchange transactions	3 962 839	5 368 725
	Current Employee benefits	6 859 699	6 024 487
	Cash Reserves to Cover Expenditure for Three Monthes	30 000 000	30 000 000
	Resources available for working capital requirements	**42 414 336**	**42 642 319**
	Allocated to:		
	Capital Replacement Reserve	7 074 044	5 522 089
	Employee Benefits Reserve	23 001 035	22 526 252
	Resources available for working capital requirements	**12 339 257**	**14 593 978**

		2013 R	2012 R
35	**UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION**		
	Long-term Liabilities - Note 3	11 485 398	12 818 589
	Used to finance property, plant and equipment - at cost	(11 485 398)	(12 818 589)
		-	-
	Cash set aside for the repayment of long-term liabilities	-	-
	Cash invested for repayment of long-term liabilities	**-**	**-**

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

BUDGET COMPARISONS

		2013 R (Actual)	2013 R (Budget)	2013 R (Variance)	2013 (%)
35.1	**Operational**				
	Revenue by source				
	Property Rates			-	0%
	Government Grants and Subsidies			-	0%
	Government Grants and Subsidies - Operating	93 984 000	94 455 234	(471 234)	0%
	Public Contributions and Donations	594 831	-	594 831	100%
	Actuarial Gains	995 853	-	995 853	100%
	Third Party Payments			-	0%
	Fines			-	0%
	Service Charges			-	0%
	Rental of Facilities and Equipment	595 434	631 600	(36 166)	-6%
	Interest Earned - external investments	5 672 199	5 057 600	614 599	12%
	Interest Earned - outstanding debtors			-	0%
	Licences and Permits			-	0%
	Agency Services			-	0%
	Other Income	77 382	1 043 716	(966 334)	-93%
	Gain on disposal of Property, Plant and Equipment	110 000	110 000	-	0%
		102 029 699	**101 298 150**	**731 549**	**0.01**
	Expenditure by nature				
	Employee Related Costs	39 427 229	42 561 450	3 134 221	-7%
	Remuneration of Councillors	5 160 197	5 357 390	197 193	-4%
	Debt Impairment	-	3 000	3 000	-100%
	Depreciation and Amortisation	4 118 564	4 498 000	379 436	-8%
	Impairments	-		-	0%
	Repairs and Maintenance	2 560 508	4 309 270	1 748 762	-41%
	Stock Adjustments			-	0%
	Finance Charges - External Funding	1 361 298	3 033 600	1 672 302	-55%
	Bulk Purchases			-	0%
	Contracted services	-	-	-	0%
	Grants and Subsidies	35 342 227	45 942 650	10 600 423	-23%
	Operating Grant Expenditure			-	0%
	General Expenses	10 056 699	14 820 790	4 764 091	-32%
	Loss on disposal of Property, Plant and Equipment	862 371	1 124 760	262 389	-23%
	Fair Value Adjustments			-	-
		98 889 093	**121 650 910**	**22 761 817**	**-19%**
	Net Surplus for the year	**3 140 606**	**(20 352 760)**	**23 493 366**	**-115%**

35.2 Expenditure by Vote

	2013 R (Actual)	2013 R (Budget)	2013 R (Variance)	2013 (%)
Executive & Council	14 716 166	19 215 320	(4 499 154)	-23%
Budget & Treasury	19 278 955	19 540 380	(261 425)	-1%
Corporate Services	13 803 115	17 229 130	(3 426 015)	-20%
Planning & Development	43 379 112	53 437 210	(10 058 098)	-19%
Housing	3 966 261	4 893 920	(927 659)	-19%
Public Safety	3 964 198	4 445 740	(481 542)	-11%
Environmental Protection	1 797 220	2 512 310	(715 090)	-28%
Less Inter-Departmental Charges	(1 024 360)	-	(1 024 360)	100%
	99 880 666	**121 274 010**	**(21 393 344)**	**-18%**

35.3 Capital expenditure by vote

	2013 R (Actual)	2013 R (Budget)	2013 R (Variance)	2013 (%)
Executive & Council	56 716	126 800	(70 084)	-55%
Budget & Treasury	1 852 727	1 996 000	(143 273)	-7%
Corporate Services	874 335	1 959 270	(1 084 935)	-55%
Planning & Development	163 000	333 500	(170 500)	-51%
Housing	535 480	547 820	(12 340)	-2%
Public Safety	2 470 482	3 478 900	(1 008 418)	-29%
Environmental Protection	-	3 000	(3 000)	-100%
	5 952 740	**8 445 290**	**(2 492 550)**	**-30%**

36 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

36.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

	2013 R	2012 R
Opening balance	4 817 435	-
Unauthorised expenditure current year - capital	-	-
Unauthorised expenditure current year - operating	1 196 760	4 817 435
Written off by council	(1 196 760)	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	**4 817 435**	**4 817 435**

Incident	Disciplinary steps/criminal proceedings
Overspending on loss on disposal of fixed assets to the amount of R1 024 760	None
Overspending on finance charges for staff benefits to the amount of R172 000	None

Unauthorised expenditure current year - operating

	2013 R (Actual)	2013 R (Budget)	2013 R (Variance)	2013 R (Unauthorised)
Executive & Council	14 716 166	19 215 320	(4 499 154)	-
Budget & Treasury	19 278 955	19 540 380	(261 425)	-
Corporate Services	13 803 115	17 229 130	(3 426 015)	-
Planning & Development	43 379 112	53 437 210	(10 058 098)	-
Housing	3 966 261	4 893 920	(927 659)	-
Public Safety	3 964 198	4 445 740	(481 542)	-
Environmental Protection	1 797 220	2 512 310	(715 090)	-
	100 905 026	**121 274 010**	**(20 368 984)**	**-**

Unauthorised expenditure current year - capital	2013 R (Actual)	2013 R (Budget)	2013 R (Variance)	2013 R (Unauthorised)
Executive & Council	56 716	126 800	(70 084)	-
Budget & Treasury	1 852 727	1 996 000	(143 273)	-
Corporate Services	874 335	1 959 270	(1 084 935)	-
Planning & Development	163 000	333 500	(170 500)	-
Housing	535 480	547 820	(12 340)	-
Public Safety	2 470 482	3 478 900	(1 008 418)	-
Environmental Protection	-	3 000	(3 000)	-
	5 952 740	**8 445 290**	**(2 492 550)**	**-**

36.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance	5 267	5 267
Fruitless and wasteful expenditure current year	182 025	-
Written off by council	-	-
Transfer to receivables for recovery	-	-
Fruitless and wasteful expenditure awaiting further action	**187 292**	**5 267**

Incident	Disciplinary steps/criminal proceedings			
Overspending on loss on disposal of fixed assets to the amount of R1 024 760	None	Adjustment budget accorting to National Treasury Ciecular 68	-	-
Overspending on finance charges for staff benefits to the amount of R172 000	None	Adjustment budget accorting to National Treasury Ciecular 68	-	-
			-	-

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONTINUED)	2013 R	2012 R

36.3 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance	11 130 848	8 986 132
Irregular expenditure current year	183 637	2 144 717
Condonement supported by council	(11 090 508)	-
Transfer to receivables for recovery	-	-
Irregular expenditure awaiting further action	**223 977**	**11 130 848**
	-	-

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.

36.4 Material Losses

No material losses occurred during the year

37 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

37.1 Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS

Opening balance	-	-
Council subscriptions	400 000	305 936
Amount paid - current year	(400 000)	(305 936)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	**-**	**-**

37.2 Audit fees - [MFMA 125 (1)(b)]

Opening balance	-	-
Current year audit fee	1 401 052	1 328 533
Amount paid - current year	(1 401 052)	(1 328 533)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	**-**	**-**

37.3 VAT - [MFMA 125 (1)(b)]

Opening balance	1 140 609	(1 420 034)
Amounts received - current year	(3 614 796)	3 790 869
Amounts received - previous years	(1 140 609)	1 420 034
Amounts claimed - current year	2 535 783	(2 650 260)
Closing balance - Receivable	**(1 079 013)**	**1 140 609**

VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.

37.4 PAYE, SDL and UIF - [MFMA 125 (1)(b)]

Opening balance	2 303	-
Current year payroll deductions and Council Contributions	8 259 905	6 404 571
Amount paid - current year	(8 262 208)	(6 402 268)
Balance unpaid (included in creditors)	**-**	**2 303**

37.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]

Opening balance	-	-
Current year payroll deductions and Council Contributions	8 734 546	7 585 911
Amount paid - current year	(8 734 546)	(7 585 911)
Balance unpaid (included in creditors)	**-**	**-**

37.7 Other non-compliance (MFMA 125(2)(e))

The Executive Mayor made use of an official council vehicle for travel between the office (Kimberley) and her home (Warrenton). This practice is in contravention of the Public Office Bearers Act. The amount is R184 000.

		2013	2012

37.8 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

Supply Chain Management Policy has been amended and adopted by Council with an effective date of 1st January 2008 for implementation..

The following deviations were allowed in terms of the Supply Chain Policy for the year under review.

Supplier	Service	Amount
2013		
Imperial Group T/A Kby Multifranchise		350 947
Premier Auto Kimberley		1 167 558
Southey Street Motors		713 830
Total		**2 232 336**
2012		
Electro Labs	Replacement & Repair of UPS batteries	42 209
HR Concepts	Analysis of organisational structure for grading purposes	28 520
High Voltage Electrical	Construction of 11Kv powerline	227 972
First Technology	Upgrate of DRP Project	281 371
Mojalefa Trading	Roofing for recreation hall	71 207
CQS Tecgnology	Acquisition of data analysis tool	113 658
Imperial Isuzu	Purchase refuse truck	1 843 819
Wills Construction	Repair & Construc emergency houses	805 200
Mojalefa Trading	Alterations to recreation hall	57 440
Momar	Procure sanitation chemicals for Dikgatlong	30 341
HR Concepts	Task job evaluation system	23 824
Ngaola Leuba Trading	Waste recycling project	48 919
Bafana Bafana	Constuct powrline in Koopmansfontein	31 497
Interconnect Systems	Install cable rack	5 679
Mooks Electrical	Power redundant instllation	193 629
Drumbeat Safaries	Train Tourism Site Guides	76 095
Headline Leasure	Businessplan Competition	46 850
C- Squard consumer connectedness	Outfits for SAMSRA Games	48 826
Little Switserland Resort	Accommodation for aSAMSRA Games	234 380
National flag and brandering	Purghase of flags	32 067
Deborah Seema	Tourism Gradinf Support Plan	100 000
Space Age Technology	Disaster Recovery Upgrade	106 704
Premier Auto	Procure Captiva	278 908
Gibela Trade Invest	Purchase of caravan	202 977
Bafana Bafana	Constuct powrline in Koopmansfontein	2 140 992
Arch Actuarial Consulting	Actuarial services	46 170
Total		**7 119 254**

38 CAPITAL COMMITMENTS

	2013	2012
Commitments in respect of capital expenditure:		
Approved and contracted for:	-	9 013 270
Total commitments consist out of the following:		
	-	-
	-	**-**
This expenditure will be financed from:		
Own Resources	-	9 013 270
	-	**9 013 270**

	2013	2012
	R	R

39 FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

1% (2012 - 0.5%) Increase in interest rates	720 755	366 961
0.5% (2012 - 0.5%) Decrease in interest rates	(360 377)	(366 961)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment.

Financial assets exposed to credit risk at year end are as follows:

	2013 R	2012 R
Long term receivables	10 612 116	10 652 239
Receivables from non-exchange transactions	1 528 458	1 680 585
Cash and Cash Equivalents	83 564 154	86 214 164
Non-Current Investments	-	-
	95 704 728	98 546 988

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

2013	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
Long Term liabilities - Annuity Loans	2 659 207	10 636 829	2 659 207	-
Capital repayments	1 444 018	7 584 346	2 453 653	-
Interest	1 215 189	3 052 483	205 555	-
Trade and Other Payables	3 962 839	-	-	-
Unspent conditional government grants and receipts	327 280	-	-	-
Cash and Cash Equivalents	-			
	6 949 326	10 636 829	2 659 207	-

2012	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
Long Term liabilities - Annuity Loans	2 659 207	10 636 829	5 318 414	-
Capital repayments	1 298 612	6 820 637	4 661 379	-
Interest	1 360 595	3 816 192	657 036	-
Long Term liabilities - Finance Lease Liability	35 173	-	-	-
Capital repayments	34 299	-	-	-
Interest	874	-	-	-
Trade and Other Payables	5 368 725	-	-	-
Unspent conditional government grants and receipts	2 178 633	-	-	-
Cash and Cash Equivalents	-	-	-	-
	10 241 738	10 636 829	5 318 414	-

40 FINANCIAL INSTRUMENTS

In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:

40.1 Financial Assets	Classification	2013 R	2012 R
Investments			
Bank Deposits	Financial instruments at amortised cost	3 800 000	2 900 000
Receivables			
Receivables from non-exchange transactions	Financial instruments at amortised cost	1 528 458	1 680 585

			2013 R	2012 R
	Short-term Investment Deposits			
	Call Deposits	Financial instruments at amortised cost	83 200 000	83 500 000
	Bank Balances and Cash			
	Bank Balances	Financial instruments at amortised cost	360 854	2 710 864
	Cash Floats and Advances	Financial instruments at amortised cost	3 300	3 300
			88 894 625	**90 796 761**
	SUMMARY OF FINANCIAL ASSETS			
	Financial instruments at amortised cost		88 894 625	90 796 761
	At amortised cost		**88 894 625**	**90 796 761**

40.2	**Financial Liability**	**Classification**		
	Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	10 041 380	11 485 678
	Capitalised Lease Liability	Financial instruments at amortised cost	-	-
	Payables from exchange transactions			
	Other Payables	Financial instruments at amortised cost	3 962 839	5 368 725
	Other Payables			
	Government Subsidies and Grants	Financial instruments at amortised cost	327 280	2 178 633
	Current Portion of Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	1 444 018	1 298 612
	Capitalised Lease Liability	Financial instruments at amortised cost	-	34 299
			15 775 517	**20 365 947**
	SUMMARY OF FINANCIAL LIABILITY			
	Financial instruments at amortised cost		**15 775 517**	**20 365 947**

41 EVENTS AFTER THE REPORTING DATE

The municipality has no events after reporting date during the financial year ended 2012/2013.

42 IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any in-kind donations or assistance during the year under review.

43 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

44 CONTINGENT LIABILITY

44.1 Implementation of Task

According to the Office Bearers Act, a district municipality will be rated at the highest level at which the local municipalities in its DMA are rated. FBDM is therefore rated at Grade 4.

However, with the implementation of Task by SALGA, the municipality has been rated at Grade 2. A dispute has been declared, the outcome of which is still pending. The implication of the regarding is:

Should the appeal be successful, i.e. a higher grading, a salary increase is envisaged.
Should the appeal not succeed, the status quo remains.

44.2 Labour Disputes

The District Municipality have one labour case pending against the municipality. The estimated legal cost that will be incurred in order to finalise the matter amounts to R50,000.

44.3 Implementation of the "e" Venus Financial System

Dikgatlong Local Municipality have declared a dispute with Business Connexion - BCX with regard to outstanding invoices to the estimated amount of R648,468 not paid in respect of the implementation and support on the "e" Venus Financial system since January 2010. As the District Municipally have entered into to an agreement with Business Connexion - BCX on the implementation of the financial system the dispute is likely to escalate to the District Municipality as indicated by Dikgatlong Municipality.

44.4 Wage Curve Dispute SALGA / IMATU

The Trade Union, IMATU, contested the implementation of a wage curve agreement in the Labour Court and the court ruled in favour of IMATU. The Employers Organisation, SALGA, resolved to take the ruling of the Labour Court on review. The effect of the ruling is a general 2% increase in remuneration as from October 2009.

44.5 Water account: Sol Plaatje Municipality

An account for water usage of R449 067 has been received from the Sol Plaatje Municipality. The existence of the meter could not be verified by the Sol Plaatje Municipality, therefore the usage of 28761 kl since 5 December 2008 could not be considered for payment.

45 RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

45.1 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. There are no outstanding loans as at the reporting date

45.2 Compensation of key management personnel

The compensation of key management personnel is set out in note 22 to the Annual Financial Statements.

45.3 Other related party transactions

The following purchases were made during the year where Councillors or staff have an interest:

None

9 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2013

Reconciliation of Carrying Value	Cost					Accumulated Depreciation and Impairment Losses					Carrying Value
	Opening Balance R	Additions R	Revaluation Movements / Impairments R	Disposals R	Closing Balance R	Opening Balance R	Depreciation Charge R	Disposals R	Impairments R	Closing Balance R	R
Community Assets	**596 889**	**536 545**	**-**	**3 320**	**1 130 115**	**247 300**	**166 805**	**1 638**	**-**	**412 467**	**717 647**
Land & Buildings	151 676	-	-	-	151 676	64 006	8 534	-	-	72 540	79 136
Security Measures	445 214	536 545	-	3 320	978 439	183 295	158 271	1 638	-	339 928	638 511
Other Assets	**77 791 495**	**5 097 648**	**-**	**1 590 319**	**81 298 823**	**32 166 807**	**3 824 603**	**998 367**	**-**	**34 993 044**	**46 305 780**
Land & Buildings	59 492 774	217 104	-	-	59 709 877	25 236 907	602 317	-	-	25 839 224	33 870 654
Office Equipment	3 001 078	256 179	-	112 606	3 144 651	1 189 479	429 625	80 268	-	1 538 837	1 605 815
Office Equipment - Finance leases	337 110	-	-	-	337 110	124 409	-	-	-	124 409	212 701
Furniture & Fittings	2 967 284	118 334	-	134 243	2 951 375	1 391 305	322 611	84 694	-	1 629 222	1 322 153
Plant & Machinery	1 950 894	46 301	-	7 219	1 989 976	814 494	310 149	6 129	-	1 118 514	871 462
Plant & Machinery - Residual Value	298 000	-	-	-	298 000	-	-	-	-	-	298 000
Emergency Equipment	974 092	361 965	-	-	1 336 057	405 932	159 109	-	-	565 040	771 016
Motor Vehicle	2 692 124	2 905 591	-	-	5 597 715	1 236 183	1 315 438	624 553	-	1 927 068	3 670 648
Motor Vehicle - Residual Value	1 126 271	866 336	-	1 041 956	950 651	-	-	-	-	-	950 651
Computer Equipment	4 951 868	325 837	-	294 296	4 983 409	1 768 099	685 355	202 724	-	2 250 730	2 732 680
Less: Transferred to Non-Current Assets Held for Sale	(148 602)	-	-	-	(7 021 968)	(73 447)	-	-	-	(322 442)	(6 699 526)
Discontinued operations	-	-	-	-	-	-	-	-	-	-	-
	78 239 782	**5 634 193**	**-**	**1 593 639**	**75 406 970**	**32 340 661**	**3 991 409**	**1 000 005**	**-**	**35 083 069**	**40 323 901**

30 JUNE 2012

Reconciliation of Carrying Value	Cost					Accumulated Depreciation and Impairment Losses					Carrying Value
	Opening Balance R	Additions R	Revaluation Movements / Impairments R	Disposals R	Closing Balance R	Opening Balance R	Depreciation Charge R	Disposals R	Impairments R	Closing Balance R	R
Heritage assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Statues	-	-	-	-	-	-	-	-	-	-	-
Balance Previously Reported	627 427	3 990							-		631 417
Change of accounting policy - Note 30	(627 427)	(3 990)							-		(631 417)
Community Assets	**694 351**	**4 293**	**-**	**101 754**	**596 889**	**228 436**	**84 157**	**65 292**	**-**	**247 300**	**349 589**
Land & Buildings	151 675	-	-	-	151 675	53 338	10 668	-	-	64 006	87 670
Security Measures	542 676	4 293	-	101 754	445 214	175 098	73 489	65 292	-	183 295	261 919
Other Assets	**61 020 230**	**2 190 271**	**15 788 351**	**1 207 358**	**77 791 495**	**10 438 187**	**3 692 585**	**628 628**	**18 664 664**	**32 166 807**	**45 624 687**
Land & Buildings	42 662 839	1 041 584	15 788 351	-	59 492 774	5 220 446	1 351 797	-	18 664 664	25 236 907	34 255 867
Balance Previously Reported			(2 876 313)						-		
Correction of Error - Note 31			18 664 664						18 664 664		
Office Equipment	3 148 667	81 032	-	228 621	3 001 078	898 921	431 825	141 268	-	1 189 479	1 811 599
Office Equipment - Finance leases	337 110	-	-	-	337 110	76 251	48 159	-	-	124 409	212 701
Furniture & Fittings	2 964 019	39 992	-	36 727	2 967 284	1 038 668	373 923	21 286	-	1 391 305	1 575 979
Plant & Machinery	1 983 809	15 869	-	48 784	1 950 894	538 295	303 302	27 102	-	814 494	1 136 400
Plant & Machinery - Residual Value	298 000	-	-	-	298 000	-	-	-	-	-	298 000
Emergency Equipment	974 092	-	-	-	974 092	297 448	108 484	-	-	405 932	568 160
Motor Vehicle	2 338 706	465 612	-	112 194	2 692 124	978 636	330 461	72 914	-	1 236 183	1 455 941
Motor Vehicle - Residual Value	1 254 382	-	-	128 111	1 126 271	-	-	-	-	-	1 126 271
Computer Equipment	5 058 607	546 182	-	652 921	4 951 868	1 389 522	744 635	366 058	-	1 768 099	3 183 769
Less: Transferred to Non-Current Assets Held for Sale	-	-	-	-	(148 602)	-	-	-	-	(73 447)	(75 155)
Discontinued operations	(154 876)	-	-	-	-	(53 795)	-	-	-	-	-
	61 559 705	**2 194 564**	**15 788 351**	**1 309 112**	**78 239 782**	**10 612 827**	**3 776 742**	**693 920**	**18 664 664**	**32 340 661**	**45 899 121**

APPENDIX A - Unaudited
FRANCES BAARD DISTRICT MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2013

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 30 JUNE 2012	Redeemed written off during the period	Balance at 30 JUNE 2013
ANNUITY LOANS					
DBSA - Frances Baard council Chamber & Offices	103363/1	10 Years	12 784 290	1 298 891	11 485 398
Total Annuity Loans			**12 784 290**	**1 298 891**	**11 485 398**
LEASE LIABILITY					
Office Equipment			34 299	34 299	-
Total Lease Liabilities			**34 299**	**34 299**	**-**
TOTAL EXTERNAL LOANS			**12 818 588**	**1 333 190**	**11 485 398**

APPENDIX B - Unaudited
FRANCES BAARD DISTRICT MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2013

	Cost										ACCUMULATED DEPRECIATION					
	Balance at 1 JULY 2012	Residual Value at 1 JULY 2012	Additions	Revaluation Movements / Impairments	Residual Value Additions	Under Construction	Disposals	Residual Value Disposals	Transfers / Adjustments	Balance at 30 JUNE 2013	Balance at 1 JULY 2012	Additions / Impairments	Disposals	Transfers / Adjustments	Balance at 30 JUNE 2013	Carrying Value
Municipal Governance & Administration	**10 664 252**	**-**	**3 656 378**		**866 336**	**-**	**1 425 552**	**-**	**704 639**	**14 466 054**	**4 227 275**	**1 911 512**	**875 586**	**-**	**5 263 201**	**9 202 854**
Executive & Council	**2 373 318**	**-**	**30 426**		**-**	**-**	**206 614**	**-**	**(48)**	**2 197 082**	**1 146 487**	**244 384**	**140 091**	**-**	**1 250 780**	**946 302**
Mayor & Council	1 742 717					-	57 967		-	**1 684 749**	851 275	182 252	48 467		**985 061**	**699 689**
Office of the Municipal Manager	630 602		30 426			-	148 647		(48)	**512 333**	295 212	62 132	91 625		**265 720**	**246 613**
Budget & Treasury Office	**3 508 464**		**3 002 350**		**866 336**	**-**	**1 148 231**		**712 429**	**6 941 348**	**1 566 539**	**934 741**	**691 716**		**1 809 565**	**5 131 783**
Corporate Services	**4 782 470**		**623 601**			**-**	**70 706**		**(7 741)**	**5 327 624**	**1 514 248**	**732 386**	**43 779**	**-**	**2 202 856**	**3 124 769**
Human Resources	52 760	-	-		-	-	18 475	-	-	**34 285**	29 179	5 138	12 369		21 947	12 338
Information Technology	3 864 270	-	280 107		-	-	22 115	-	-	**4 122 263**	1 088 645	577 481	12 671		1 653 455	2 468 808
Other Admin	865 440	-	343 494		-	-	30 117	-	(7 741)	**1 171 076**	396 424	149 767	18 738		527 453	643 623
Community Services & Public Safety																
Community & Social Services	**1 811 975**	**-**	**988 359**		**-**	**-**	**6 159**	**-**	**(681 697)**	**2 112 479**	**625 931**	**306 866**	**3 303**	**-**	**929 494**	**1 182 986**
Community Services	-									**-**	-					
Public Safety - Civil Defense	1 397 606		892 755		-	-	3 587	-	(418 609)	**1 868 165**	494 016	274 171	1 810		**766 377**	**1 101 788**
Housing	**414 370**		95 604		-	-	2 572	-	(263 088)	**244 314**	**131 915**	32 695	1 493		**163 117**	**81 197**
Economic & Environmental Services	**40 675 249**	**-**	**121 459**	**-**	**-**	**-**	**161 929**	**-**	**(22 942)**	**40 611 836**	**2 323 996**	**1 771 371**	**121 116**	**-**	**3 974 250**	**36 637 586**
Planning & Development	40 395 741		121 459		-		154 927	-	(22 942)	**40 339 331**	2 169 722	1 745 748	116 556		**3 798 913**	**36 540 417**
Environmental Protection	279 508	-	-		-	-	7 002	-		**272 506**	154 274	25 623	4 560		**175 337**	**97 169**
TOTAL PER STANDARD CLASSIFICATION	**53 151 476**	**-**	**4 766 197**	**-**	**866 336**	**-**	**1 593 639**	**-**	**-**	**57 190 370**	**7 177 201**	**3 989 749**	**1 000 005**	**-**	**10 166 944**	**47 023 425**
Less transferred to Non- Current Assets Held for Sale	(148 602)									(148 602)	(73 447)				**(322 442)**	**173 841**
Discontinued operations	-									-					**-**	**-**
Total Assets	**53 002 875**	**-**	**4 766 197**	**-**	**866 336**	**-**	**1 593 639**	**-**	**-**	**57 041 768**	**7 103 754**	**3 989 749**	**1 000 005**	**-**	**9 844 502**	**47 197 266**

**** Internal Transfers***

APPENDIX C - Unaudited

FRANCES BAARD DISTRICT MUNICIPALITY

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE AS AT 30 JUNE 2013

Actual Income 2012 R	Actual Expenditure 2012 R	Surplus / (Deficit) 2012 R		Actual Income 2013 R	Actual Expenditure 2013 R	Surplus / (Deficit) 2013 R
76 734 314	**(43 317 097)**	**33 417 216**	**Municipal Governance & Administration**	**85 382 778**	**(46 638 886)**	**38 743 893**
1 762 682	(12 613 264)	(10 850 582)	Executive & Council	3 318 000	(14 716 166)	(11 398 166)
1 738 682	(7 324 473)	(5 585 791)	Mayor & Council	3 318 000	(7 674 888)	(4 356 888)
24 000	(5 288 790)	(5 264 790)	Office of the Municipal Manager	-	(7 041 279)	(7 041 279)
74 971 632	(18 241 613)	56 730 019	Budget & Treasury Office	82 064 778	(18 152 279)	63 912 500
-	(12 462 221)	(12 462 221)	Corporate Services	-	(13 770 441)	(13 770 441)
-	(3 444 611)	(3 444 611)	Human Resources	-	(3 466 922)	(3 466 922)
-	(3 526 742)	(3 526 742)	Information Technology	-	(3 614 680)	(3 614 680)
-	(5 490 868)	(5 490 868)	Other Admin	-	(6 688 839)	(6 688 839)
3 148 561	**(6 519 213)**	**(3 370 652)**	**Community Services & Public Safety**	**3 271 555**	**(7 963 132)**	**(4 691 577)**
-	(3 351 664)	(3 351 664)	Community & Social Services	2 288 364	(3 996 872)	(1 708 507)
-	-	-	Community Services	-	(32 674)	(32 674)
-	(3 351 664)	(3 351 664)	Public Safety - Civil Defense	2 288 364	(3 964 198)	(1 675 833)
3 148 561	(3 167 549)	(18 988)	Housing	983 191	(3 966 261)	(2 983 069)
15 362 667	**(56 429 358)**	**(41 066 691)**	**Economic & Environmental Services**	**13 348 228**	**(45 176 332)**	**(31 828 104)**
10 301 029	(52 737 882)	(42 436 853)	Planning & Development	10 342 392	(43 379 112)	(33 036 720)
5 061 638	(3 691 476)	1 370 162	Environmental Protection	3 005 836	(1 797 220)	1 208 616
95 245 541	**(106 265 668)**	**(11 020 127)**	**SUB TOTAL**	**102 002 562**	**(99 778 350)**	**2 224 212**
-	(251 593)	(251 593)	Discontinued Operations	-	-	-
95 245 541	**(106 517 261)**	**(11 271 720)**	**TOTAL**	**102 002 562**	**(99 778 350)**	**2 224 212**

APPENDIX D - Unaudited
FRANCES BAARD DISTRICT MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 JUNE 2012	Correction of error	Balance 1 JULY 2012	Grants Received	Write Offs/ Transfers	Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2013
UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS	**R**	**R**	**R**	**R**		**R**	**R**
Equitable Share	-	-	-	87 442 000	-	87 442 000	-
Financial Management Grant	-	-	-	1 250 000	-	1 250 000	-
Municipal Systems Improvement Grant	-	-	-	1 000 000	-	732 992	267 008
DWA - Sanitation (Mvula Trust)	-	-	-	-	-	-	-
NC Tourism - Contribution Tourism Month	-	-	-	-	-	-	-
Department of Public Works: Expanded Public Works Program Inc	-	-	-	-	-	-	-
District Aids Council	-	-	-	-	-	-	-
NEAR Control Centre	569 000	-	569 000	607 000	-	1 176 000	-
NCPA - Housing Accreditation Grant	713 191	-	713 191	270 000	-	983 191	-
NCPA Firefighting Equipment	723 364	-	723 364	389 000	-	1 112 364	-
NCPA - Eradication of Bucket System	-	-	-	-	-	-	-
MIG - Projects	-	-	-	-	-	-	-
SETA - Skills Grant	-	-	-	174 648	-	174 648	-
NCPA: Vuna Awards	-	-	-	-	-	-	-
DWA: Backlogs in Water & Sanitation at Clinics and Schools	-	-	-	-	-	-	-
NCPA: EPWP: DMA Bush Clearance	106 969	-	106 969	1 000 000	-	1 106 969	-
NCPA: Environmental Health Recycling Project	66 108	-	66 108	-	-	5 836	60 272
Koopmansfontein Electricity Self Build Scheme	-	-	-	594 831	-	594 831	-
Total	**2 178 633**	**-**	**2 178 633**	**92 727 479**	**-**	**94 578 831**	**327 281**